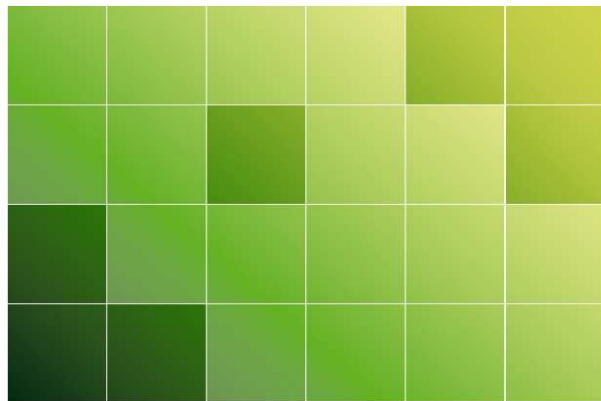


**Abbreviated
financial statements of BZWBK S.A.
in H1 2006**



Abbreviated financial statement of Bank Zachodni WBK SA

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

	01-01-2006 For reporting periods ending on: 30-06-2006	01-01-2005 30-06-2005
Interest and similar income	743 617	777 109
Interest expense and similar charges	(285 708)	(383 919)
Net interest income	457 909	393 190
Fee and commission income	342 577	313 226
Fee and commission expense	(27 886)	(59 008)
Net fee and commission income	314 691	254 218
Dividend income	98 367	73 658
Foreign exchange profit	103 953	115 489
Gains (losses) on hedge accounting activities	2 565	(309)
Gains (losses) from financial instruments measured at fair value through profit and loss	9 356	6 206
Gains (losses) from investment in securities	1 032	3 922
Gains (losses) on sale of subsidiaries and associates	7 295	-
Other operating income	10 548	17 294
Impairment losses on loans and advances	(14 469)	(17 218)
Operating expenses	(561 065)	(534 902)
Bank's staff, operating expenses and management costs	(463 356)	(433 168)
Depreciation/amortisation	(83 546)	(91 429)
Other operating expenses	(14 163)	(10 305)
Operating profit	430 182	311 548
Gross profit	430 182	311 548
Corporate income tax	(73 035)	(47 332)
Net profit	357 147	264 216



2. Balance sheet of Bank Zachodni WBK S.A.

	30-06-2006	31-12-2005	30-06-2005
ASSETS			
Cash and balances with central bank	984 143	572 329	1 031 412
Loans and advances to banks	3 494 991	3 606 067	2 040 132
Financial instruments at fair value through profit or loss	1 822 045	1 925 612	2 881 318
Derivative financial instruments	702 720	735 214	749 200
Loans and advances to customers	14 088 958	12 897 389	12 593 981
Reverse repo transactions	107 516	15 199	26 102
Investment securities	6 832 263	6 917 015	7 139 888
Investments in associates	235 005	240 069	222 657
Intangible assets	132 721	166 728	197 263
Property, plant & equipment	477 892	510 976	526 089
Deferred tax assets	408 176	402 407	474 815
Other assets incl.:	216 396	193 942	174 783
- assets held for sale	17 420	17 420	18 485
Total assets	29 502 826	28 182 947	28 057 640
LIABILITIES			
Deposits from banks	1 343 947	1 319 491	1 426 279
Derivative financial instruments	659 746	604 755	860 753
Deposits from customers	21 726 692	20 969 867	20 137 100
Repo transactions	1 661 617	999 541	1 027 278
Debt securities in issue	93 913	93 035	580 617
Deferred tax liabilities	243 388	303 428	310 030
Other liabilities	742 405	703 900	649 519
Total liabilities	26 471 708	24 994 017	24 991 576
Equity			
Capital and reserves attributable to the Company's equity holders	3 031 118	3 188 930	3 066 064
Share capital	729 603	729 603	729 603
Other reserve funds	1 782 246	1 950 396	1 950 396
Revaluation reserve	162 122	239 495	298 636
Retained earnings	-	(176 787)	(176 787)
Profit of the current period	357 147	446 223	264 216
Total equity	3 031 118	3 188 930	3 066 064
Total equity and liabilities	29 502 826	28 182 947	28 057 640



3. Movements on equity of Bank Zachodni WBK S.A.

MOVEMENTS ON EQUITY	Equity				
	Share capital	Other reserve funds	Revaluation reserve	Retained earnings	Total
Balance at 31.12.2005	729 603	1 950 396	239 495	269 436	3 188 930
Net change in available for sale investments	-	-	(77 373)	-	(77 373)
Net gains not recognised in income statement	-	-	(77 373)	-	(77 373)
Share scheme charge	-	176	-	-	176
Net profit	-	-	-	357 147	357 147
Total recognised increase in equity in 1H 2006	-	176	(77 373)	357 147	279 950
Dividend relating to 2005	-	-	-	(437 762)	(437 762)
Transfer from supplementary capital	-	(168 326)	-	168 326	-
As at 30.06.2006	729 603	1 782 246	162 122	357 147	3 031 118

MOVEMENTS ON EQUITY	Equity				
	Share capital	Other reserve funds	Revaluation reserve	Retained earnings	Total
Opening balance at 31.12.2004	729 603	1 684 362	154 534	326 227	2 894 726
changes in accounting principles resulting from adoption of IFRS	-	-	20 621	(59 687)	(39 066)
Adjusted balance at 1.01.2005	729 603	1 684 362	175 155	266 540	2 855 660
Net change in available for sale investments	-	-	64 340	-	64 340
Net gains not recognised in income statement	-	-	64 340	-	64 340
Net profit	-	-	-	446 223	446 223
Total recognised increase in equity in 2005	-	-	64 340	446 223	510 563
Dividend relating to 2004	-	-	-	(177 293)	(177 293)
Transfer to general banking risk fund	-	30 000	-	(30 000)	-
Transfer to supplementary capital	-	236 034	-	(236 034)	-
As at 31.12.2005	729 603	1 950 396	239 495	269 436	3 188 930



	Equity				Total
	Share capital	Other reserve funds	Revaluation reserve	Retained earnings	
MOVEMENTS ON EQUITY					
Opening balance at 31.12.2004	729 603	1 684 362	154 534	326 227	2 894 726
changes in accounting principles resulting from adoption of IFRS	-	-	20 621	(59 687)	(39 066)
Adjusted balance at 1.01.2005	729 603	1 684 362	175 155	266 540	2 855 660
Net change in available for sale investments	-	-	123 481	-	123 481
Net gains not recognised in income statement	-	-	123 481	-	123 481
Net profit	-	-	-	264 216	264 216
Total recognised increase in equity in 1H 2005	-		123 481	264 216	387 697
Dividend relating to 2004				(177 293)	(177 293)
Transfer to general banking risk fund		30 000		(30 000)	-
odpis na pozostałe kapitały		236 033		(236 033)	-
As at 30.06.2005	729 603	1 950 395	298 636	87 430	3 066 064



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

	01-01-2006 30-06-2006	01-01-2005 30-06-2005
Net profit (loss)	357 147	264 216
Total adjustments:	516 619	1 133 038
Amortization	83 546	91 429
Impairment losses	(2 401)	346
Gains (losses) on exchange differences	(11 611)	-
Interests and similar charges	120 970	32 358
Dividend income	(98 367)	(73 658)
(Profit) loss from investing activities	(6 585)	(1 268)
Change in provisions	1 156	(14 963)
Change in financial instruments at fair value through profit and loss	191 052	(1 366 779)
Change in loans and advances from banks	104 030	744 132
Change in loans and advances from customers	(1 191 569)	217 907
Change in receivables arising from securities purchased under reverse repo agreements	(92 317)	(405)
Change in deposits from banks	24 432	531 013
Change in deposits from customers	784 466	734 224
Change in liabilities arising from securities sold under repurchase agreements	662 076	294 588
Change in liabilities arising from debt securities in issue	878	23 048
Change in assets and liabilities arising from deferred taxation	(65 809)	(32 949)
Change in other assets and liabilities	12 268	(46 006)
Other adjustments	404	21
Net cash flow from operating activities - indirect method	873 766	1 397 254
Inflows	998 944	462 206
Sale of shares or interests in subsidiaries and associates	13 537	6 837
Sale of investment securities	886 004	375 554
Sale of intangible and tangible fixed assets	930	5 253
Dividends received	98 367	73 658
Proceeds from other investments	106	904
Outflows	(1 000 797)	(1 824 021)
Purchase of investment securities	(984 651)	(1 800 364)
Purchase of intangible and tangible fixed assets	(15 240)	(22 957)
Other investments	(906)	(700)
Net cash flow from investing activities	(1 853)	(1 361 815)
Inflows	-	-
Outflows	(467 145)	(205 007)
Repayment of long-term loans	(27 617)	(26 039)
Dividends paid	(437 762)	(177 263)
Other financing outflows	(1 766)	(1 705)
Net cash flow from financing activities	(467 145)	(205 007)
Total net cash flow	404 768	(169 568)
Cash at the beginning of the accounting period	591 384	1 219 266
Cash at the end of the accounting period	996 152	1 049 698



5. Significant accounting policies

Statement of compliance

The interim unconsolidated financial statements of the Bank has been prepared in accordance with International Financial Reporting Standards for the interim financial statements as adopted by the European Union and with respect to matters not regulated by the above standards, in accordance with the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) and the respective laws and in accordance with the Decree of the Ministry of Finance dated 19 October 2005 on current and periodical information provided by issuers of securities (Official Journal from 2005, No. 209, item 1744).

Standards that are issued and not yet effective

IFRS 7 *Financial Instruments: Disclosures* is not effective until 1 January 2007 and was recently endorsement by the European Union. The Bank has not early adopted since management believe that the disclosures under IFRS 7 would not be very different to the requirements of IAS 32 and IAS 30. Other standards, amendments to the standards and IFRIC interpretations recently endorsed or awaiting endorsement are either not relevant to the BZWBK S.A. or would not have a material impact on the current financial statements.

Basis of preparation

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

The financial statements are prepared on a fair value basis for derivative financial instruments, financial instruments at fair value through profit and loss account, and available-for-sale financial assets, except those for which a reliable measure of fair value is not available. Other financial assets and financial liabilities (including loans and advances) are recognized at amortised cost using the effective interest rate less impairment or purchase price less impairment.

The preparation of financial statements in conformity with IFRSs requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.



Subsidiaries

Subsidiaries are those enterprises which are controlled by BZWBK S.A. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Control also exists when the parent owns half or less of the voting power of an entity when there is:

- (a) power over more than half of the voting rights by virtue of an agreement with other investors;
- (b) power to govern the financial and operating policies of the entity under a statute or an agreement;
- (c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
- (d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

Associates are those entities on which Bank Zachodni WBK S.A. has significant influence, but not control, over the financial and operating policies.

Interests in subsidiaries and associates are carried at cost. The carrying amount of the investment is annually tested for impairment as per IAS 36. Impairment is recognised in the profit and loss account under "Impairment charges". Dividend payment is not reflected in the carrying amount of the shares – it is only taken to profit and loss and is included under "Dividend income".

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates that the fair values were determined.

Hedge accounting and derivative financial instruments

Derivative financial instruments are initially recognised at fair value. After their initial recognition, derivatives are subsequently measured at their fair values without any deduction for transactions costs to be incurred on sale or disposal.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by



comparison with other observable current market transactions in the same instrument (i.e. without modification) or based on a valuation technique whose variables include only data from observable markets.

Bank Zachodni WBK S.A. uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and recognised at fair value.

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.

At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Bank's risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged. The Bank also documents, at inception and on going basis, an assessment of the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value.

Fair value hedge

This is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

A fair value hedge is accounted for as follows: the gain or loss from remeasuring the hedging instrument at fair value (for a derivative hedging instrument) shall be recognised in profit or loss; and the gain or loss on the hedged item attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognised in profit or loss. This applies if the hedged item is otherwise measured at amortised cost. Recognition of the gain or loss attributable to the hedged risk in profit or loss applies if the hedged item is an available-for-sale financial asset.

Financial assets and financial liabilities

Classification

The Bank classifies its financial instruments into the following categories: financial assets or financial liabilities at fair value through profit or loss; held-to-maturity investments; loans and receivables and available-for-sale financial assets.

Financial asset or financial liability at fair value through profit or loss

This is a financial asset or liability that meets either of the following conditions.

- (1) Classified as held for trading. A financial asset or financial liability is classified as held for trading if:
 - a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - b) it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
 - c) derivatives are held for trading unless the derivative is a designated and effective hedging instrument.
- (2) Upon initial recognition it is designated by the Bank as at fair value through profit or loss.



Held-to-maturity investments

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank's management has the positive intention and ability to hold to maturity. If the Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity, the entire category would be tainted and reclassified as available for sale and for a two year period the Bank would not utilise the held to maturity classification.

Loans and receivables

Loans and receivables arise when the Bank provides money to a debtor for a purpose other than short-term profit taking. Loans and receivables comprise loans and advances to banks and customers including purchased receivables and investments in debt instruments provided that they are not quoted in an active market.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost using EIR method include deposits from banks, deposits from customers, repo transactions and debt securities in issue which are not subject to hedge accounting.

Recognition

A regular way purchase or sale of a financial asset classified at fair value through profit or loss, held to maturity and available for sale are recognised using settlement date accounting. The method is applied consistently for all purchases and sales of financial assets. Loans are recognised when cash is advanced to the borrowers.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the Bank transfers the contractual rights to receive the cash flows.

Measurement

When a financial asset or financial liability is recognised initially, it is measured at fair value plus (in the case of a financial asset or financial liability not at fair value through profit or loss) transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, the Bank measure financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for (a) loans and receivables which shall be measured at amortised cost using the effective interest method (b) held-to-



maturity investments which shall be measured at amortised cost using the effective interest method; and (c) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for: (a) financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value (b) financial liabilities resulting from transferring a financial asset that is not to be derecognised.

Financial assets and financial liabilities that are designated as hedged items are subject to measurement under hedge accounting requirements.

Gains and losses on subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship is recognised, as follows:

A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.

A gain or loss on an available-for-sale financial asset, except for impairment losses and foreign exchange gains and losses, is recognised directly in equity, through the statement of changes in equity until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities) the Bank establishes fair value by using valuation techniques which include recent arms length market transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Where a fair value cannot be reliably estimated, unquoted instruments that do not have a quoted market price in an active market are measured at cost and periodically tested for impairment.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when there is a legally enforceable right to set off the recognised amounts and when there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Sale and repurchase agreements

The Bank Zachodni WBK S.A. also generates funds by selling financial instruments under repurchase agreements whereby the instruments must be repurchased at the same price plus initially agreed interest.

Securities sold subject to repurchase agreements ("repos") are not derecognised at the balance sheet date. Where the transferee has the right by contract or custom to sell or repledge the collateral, the liability is disclosed as a liability arising from repo transactions. Securities purchased under agreements to resell ("reverse repos")



are recorded as receivables arising from reverse repo transactions. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

Impairment of financial assets

Assets carried at amortised cost

The Bank Zachodni WBK S.A. assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognised. Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events:

- (a) significant financial difficulty of the issuer or obligor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payments;
- (c) the Bank, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Bank would not otherwise consider;
- (d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - (i) adverse changes in the payment status of borrowers in the group, or
 - (ii) national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If a loan, receivable or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The carrying amount of the asset shall be reduced through identification of a provision. The amount of the loss shall be recognised in profit or loss.

As a practical expedient, the Bank may measure impairment of a financial asset carried at amortised cost on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The Bank periodically reviews its loan portfolio to check whether there is any objective evidence that a financial asset or group of financial assets are impaired.



The analysis of impairment is carried out:

- with reference to individual credit exposures representing significant reporting items (in excess of PLN 2 m),
- with reference to the portfolio of credit exposures which individually are not significant.

If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised by the Bank are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms (for example, on the basis of the Bank's credit risk evaluation or the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). The characteristics chosen are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, property prices, commodity prices, payment status or other factors that are indicative of incurred losses in the group and their magnitude). The Bank reviews regularly the methodology and assumptions used for estimating future cash flows in order to reduce any differences between loss estimates and actual loss experience.

In the case of credit exposures for which no indications of impairment were identified, the impairment analysis is carried out based on the concept of losses already incurred but not yet reported and connected with loan impairment (IBNR), which is estimated on the basis of the historical loss experience for loans with a similar risk profile.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting the provision. The amount of the reversal is recognised in profit or loss. Recoveries related to previously recognised write offs are recognised in profit and loss account in "Impairment losses on loans and advances".

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is



measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Available-for-sale financial assets

For financial assets classified as available-for-sale for which there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayments and amortisation) and current fair value. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

Off balance sheet liabilities

For off-balance sheet liabilities, provisions for impairment is measured using the existing credit limit and the recoverable amount defined as the present value of the estimated future cash flows discounted by the effective interest rate. For off-balance sheet liabilities the cash flows are calculated with reference to the existing credit limit at the date corresponding to the maturity of the obligation and depend on the probability of outflow of the funds from the Bank.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

Leased assets

Leases in terms of which the Bank assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Subsequent costs

The Bank recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Bank and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.



Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- | | |
|-----------------------|--------------|
| • buildings | 40 years |
| • structures | 22 years |
| • plant and equipment | 3 – 14 years |

Fixed assets held for sale

Directly before initial classification of an asset (or a group of assets for sale) as an asset for sale, the Bank establishes the carrying amount of the assets (or all assets and liabilities included in the group) in line with the applicable IFRS. Then the unit recognises the asset (or a group of assets) classified as asset for sale at the lower of its carrying amount and fair value less costs of disposal.

Impairment of assets initially classified as available for sale is presented in the profit and loss account. The same applies to the revaluation-related future profits and losses.

Intangible assets***Goodwill***

Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. In respect of business acquisitions that have occurred since 1 January 2003, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is no longer amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Bank, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Other intangible assets

Other intangible assets that are acquired by the Bank Zachodni WBK S.A. are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.



Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- software development costs 3 – 5 years
- computer software 3 – 5 years

Other items**Other trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses.

Borrowings

Borrowings are recognised initially at fair value, being the issue proceeds (fair value of consideration received) net of transaction costs occurred. Borrowings are subsequently stated at amortised cost.

Liabilities

Liabilities other than trading are stated at due amount.

Impairment of assets other than financial assets.

The carrying amounts of the Bank's assets, other than deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.



An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Equity

Equity comprises capital and funds created in accordance with applicable law, acts and the Statutes. Equity also includes retained earnings and prior year losses carried forward.

Share capital is stated at its nominal value in accordance with the Statutes and the entry in the court register.

Supplementary capital is created from profit allocations and share issue premiums.

Reserve capital is created from profit allocations and is earmarked for covering balance sheet losses.

Revaluation reserve comprises:

- differences from the valuation of financial assets available for sale taking into account the deferred income tax,

Revaluation reserve is not distributable.

On the day of derecognition of all or part of financial assets available for sale the total effects of periodical change in the fair value reflected in the revaluation reserve are reversed. Total or part of the previous revaluation charge increases or decreases the value of the given financial asset available for sale.

Net financial result for the accounting year is the profit disclosed in the profit and loss account of the current year adjusted by the corporate income tax charge.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

Dividends

Dividends on redeemable preference shares are recognised as a liability and expressed on an accrual basis. Other dividends are recognised as a liability in the period in which they are declared.

Employee benefits

Short-term service benefits

The Bank's short-term employment benefits include wages, bonuses, holiday pay and social insurance payments are recognised as an expense as incurred.

Long-term service benefits

The Bank's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The accrual for retirement bonus granted under the provisions of the Collective Labour Agreement and terms of individual employee contracts as well as



the accrual for disability pension bonus were estimated on the basis of an actuarial valuation. The actuarial valuation of those accruals is updated on an annual basis.

Share based payments

The Bank operates a share based compensation plan. For grants of share based payments after 7 November 2002, the fair value of the employee services received is measured by reference to the fair value of awards granted on the day of the grant. The cost of the employee services received in exchange for awards granted is recognized in the income statement over the period during which the employees become unconditionally entitled to the share based payments, which is the vesting period. The amount expensed is determined by reference to the fair value of awards granted. The fair value of awards granted is determined using the share based payments pricing models, which take into account the exercise price of the award, the share price at date of grant, the risk free rate, the expected volatility of the share price over the life of the award and other relevant factors. Vesting conditions included in the terms of the grant are not taken into account in estimating fair value except where those terms relate to market conditions. Non-market vesting conditions are taken into account by adjusting the number of awards included in the measurement of the cost of employee services so that ultimately, the amount recognized in the income statement reflects the number of vested awards. The expense related to share based payments is credited to the shareholder's equity. Where the share based payment arrangements give rise to the issue of new shares, the proceeds of issue of the shares are credited to share capital (nominal amount) and share premium (if any) when awards are exercised.

Provisions

A provision is recognised in the balance sheet when the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for off balance sheet items such as guarantees, letters of credit, and unutilised irrevocable credit facilities are recognised in accordance with this policy.

Restructuring

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Net interest income

Interest income and expenses for all financial instruments is recognised in the income statement at amortised cost using the effective interest rate method.



The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees (e.g. arrangement, drawdown, renewal, restructure fees and fees for annexes which modify payments) and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Net commission income

Fees and commissions settled under effective interest rate are listed above. Fees on overdrafts, revolving loans, credit cards and off balance sheet liabilities are brought in a straight-line method to the profit and loss account. Other fees and charges, which are not settled according to effective interest rate, are taken to profit and loss account on an on-going basis.

Dividend income

Dividends are taken to the profit and loss account at the moment of acquiring rights to them.

FX profit

Result on SPOT transactions taken to the FX profit is calculated by way of comparing the transaction exchange rate with the average NBP rate as at the balance sheet date.

Result on and valuation of FX Swap and FX Forward transactions is disclosed in "FX gains/losses".

The effects of valuation of the FX off balance sheet items (FX swaps, forwards and spot contracts) are recognized in the balance sheet and the profit and loss account at the transaction date.

Profit on disposal of subsidiaries and associates

Profit on the sale of interests in subsidiaries and associates is set as a difference between the book value of the securities and their sale price. It is disclosed as profit on disposal of subordinated entities and undertakings.

Other operating income and costs

Other operating income and costs include expenses and revenues, which are not related directly to the statutory activity of the Bank. These are primarily revenues and costs from the sale and liquidation of fixed assets, income from sale of other services, paid and received damages, penalties and fines.

Operating lease payments

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.



Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge to be allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Corporate income tax

Corporate income tax consists of current and deferred tax.

Current tax is calculated based on the gross accounting income/loss adjusted by revenues which in line with tax regulations are not taken to taxable income and by costs which tax regulations do not recognize as tax deductible costs. Moreover, for tax purposes, the gross accounting income/loss is adjusted for income and costs from previous years realized for tax purposes in a given accounting period, and for deductions from income, e.g. donations.

The Bank Zachodni WBK S.A. creates a provision for deferred tax in respect of all taxable temporary differences and deferred tax assets with regard to all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities should be measured as the multiple of a temporary difference and the tax rates that are expected to apply to the period when the asset is realised or the liability is settled (liability method), based on tax rates/laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

Pursuant to the decision of 19 December 2003, based on art. 1a of the Corporate Income Tax Act, Stare Miasto Tax Office in Wrocław registered an Agreement establishing a tax group between Bank Zachodni WBK S.A. and its subsidiary – BZ WBK Inwestycje Sp. z o.o. The agreement was concluded for 3 tax years, i.e. from 1 January 2004 to 31 December 2006.

6. Comments concerning the seasonal or cyclical character of the annual activities

The business activity of Bank Zachodni WBK S.A. has no seasonal character.

7. Character and amounts of items which are extraordinary due to their nature, volume, or occurrence and have influence on the assets, liabilities, equity, financial performance or cash flows

No extraordinary events influencing the balance sheet structure and financial performance occurred in Bank Zachodni WBK S.A.

8. Accounting estimates and judgments

Impairment of financial assets

The Bank assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on



the estimated future cash flows of the financial asset or group of financial assets. It is not necessary to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. The Bank makes judgements whether there is indications of objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The calculation of the present value of the estimated future cash flows requires judgement by management. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly and updated where appropriate. In addition back testing is performed to compare actual and estimates of loan losses.

Where there is any objective evidence that available-for-sale investments may be impaired, the Bank creates appropriate impairment charges – this applies to three bank companies.

For financial assets classified as available-for-sale for which there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

Write-down due to impairment of non-financial assets

Balance sheet values assets other than deferred tax assets are reviewed as at a balance sheet day to specify whether there are reasons for write-down due to impairment. If there are such reasons, recoverable value of assets should be determined.

In case of goodwill and intangible assets not yet available for use, recoverable value is determined as at every balance sheet day.

Write-down due to impairment is recognized if book value of an asset exceeds its recoverable value and is presented in the profit and loss account.

For other receivables impairment amount has been recognised considering the expected recoverable amounts, and for long term other receivables discounting has been applied.

Asset held for sale at the lower of its carrying amount and estimated fair value less estimated costs to sell.

Fair value of derivatives

The fair value of derivatives not quoted on active markets is determined using valuation techniques. If valuation techniques are used to determine the fair values, these methods are periodically assessed and verified. All the



models are approved before application. As far as possible, only observable data are used in the models, although in some areas, the entity's management must use estimates. Changes in the assumptions relating to the estimated factors may affect the fair values of derivatives disclosed.

Other accounting estimates and judgements

Provisions for employee benefits arising from the Bank's Collective Labour Agreement and terms of individual employee contracts were estimated on the basis of an actuarial valuation. The actuarial valuation of those accruals is updated on an annual basis.

Provisions for legal claims have been estimated considering the expected probably amount to settle a case, and where applicable, including the time value of money.

9. Issues, redemption or repayment of debt or equity instruments

In 1H 2006, Bank Zachodni WBK S.A. did not issue bonds or other own debt securities.

As at the end of 1H 2006, the total value of obligations with respect to the issue of own bonds amounted to PLN 78 918 k (nominal value), as at the end of 1H 2005 – PLN 526 964 k.

10. Dividend per share

At 11 May 2005 Bank Zachodni WBK S.A. paid out to shareholders dividend of PLN 6,00 of its 2005 profits per one share (in 2004 – PLN 2,43 per one share).

Bank Zachodni WBK allocated to dividends 98,1% of net profit of PLN 437 762.

11. Acquisitions and disposals of investments.

Sale of AIB WBK Fund Management Sp. z o.o.

On 10 May 2006 Bank Zachodni WBK S.A. sold 13 331 shares of AIB WBK Fund Management Sp. z o.o., with the total nominal value of PLN 1 333 k representing 54% of the share capital and 54% of votes at the AGM of AIB WBK Fund Management Sp. z o.o.

The shares sale price was set at PLN 270 k. The first price installment of PLN 135 k was paid on the day of signing an agreement on transferring ownership of the said shares, the second installment of PLN 135 k will be paid not later than on 20 December 2006. The bank realize loss on transaction of PLN 2 719 k.

Sale of LZPS PROTEKTOR S.A.

In 1H 2006 BZ WBK S.A. sold, in package transactions on the Warsaw Stock Exchange, 586 416 shares of the Company with the nominal value of PLN 3 each which represent 36,07% of the Company's share capital and the total number of votes at the AGM. Total amount of the transaction was PLN 13 267 k and total amount of earnings was PLN 10 036 k. Currently Bank Zachodni WBK S.A. doesn't have any shares of company LZPS PROTEKTOR S.A.



12. Changes to the contingent liabilities or assets

Off balance sheet liabilities

The Bank Zachodni WBK S.A. has commitments to deliver loans. These commitments include loans sanctioned, credit card limits and overdrafts. The Bank issue guarantees and letters of credit which collateralise customers' liabilities to third parties.

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 and received			
	30.06.2006	31.12.2005	Change
Liabilities sanctioned:	6 821 222	4 926 883	1 894 339
financing-related	6 021 763	4 173 175	1 848 588
including: import letters of credit	96 510	54 032	42 478
including: credit lines	5 013 623	3 665 826	1 347 797
including: credit cards debits	402 630	358 406	44 224
guarantees	799 459	753 708	45 751
including: confirmed export letters of credit	314	2 630	(2 316)
Received liabilities	2 950 901	2 130 958	819 943
Total	9 772 123	7 057 841	2 714 282

As at 30.06.2006, the Bank issued guarantees of PLN 64 211 k to following subsidiary undertakings: BZ WBK S.A. Finance & Leasing, BZ WBK Leasing, BZWBK Dom Maklerski S.A., BZWBK TFI and Nieruchomości S.A. The guaranties were excluded as intragroup transactions.

The most common forms of guarantee are: payment guarantee, performance bond, bid bond, advance payment guarantee, loan repayment guarantee, customs guarantee. In accordance with the "Non-consumer lending regulations", the bank issues civil law guarantees (mainly: loan or advance repayment guarantee, service or goods repayment guarantee, advance payment guarantee, performance bond, bid bonds and other) and B/E guarantees (mainly: loan or advance repayment guarantee, service or goods repayment guarantee and other).

Guarantees and civil law guarantees are issued on the basis of the same information and in accordance with the same procedure as it is in the case of loans. Applicable regulations are set out in the Commercial Lending Manual and the Lending Manual of the Corporate Banking Centre.

These contingent liabilities carry an off-balance sheet credit risk as only the funding arrangement fees and loan loss provisions are disclosed in the balance sheet until repayment or expiry of the obligation. Many of the existing contingent liabilities will expire before any payment is made. For this reason, their values do not reflect the expected future cash flows.



Derivatives' nominal values			
	30.06.2006	31.12.2005	Change
1. Derivatives (hedging)	1 878 826	1 144 942	733 884
a) Single-currency interest rate swaps – purchased amounts	654 413	572 471	81 942
b) Single-currency interest rate swaps – sold amounts	654 413	572 471	81 942
c) FRA	570 000	-	570 000
2. Term derivatives (trading)	138 634 778	96 513 128	42 121 650
a) Interest rate operations	117 959 740	77 522 418	40 437 322
- Single-currency interest rate swaps – purchased amounts	36 269 870	16 211 209	20 058 661
- Single-currency interest rate swaps – sold amounts	36 269 870	16 211 209	20 058 661
- FRA-purchased amounts	22 550 000	24 600 000	(2 050 000)
- FRA-sold amounts	22 870 000	20 500 000	2 370 000
b) FX operations	20 675 038	18 990 710	1 684 328
- FX swap – purchased amounts	9 145 291	8 478 482	666 809
- FX swap – sold amounts	9 152 961	8 404 563	748 398
- Double-currency interest rate swaps – purchased amounts	1 186 617	1 072 912	113 705
- Double-currency interest rate swaps – sold amounts	1 190 169	1 034 753	155 416
3. Derivatives – non-stock market options	1 283 715	939 250	344 465
- Options purchased	761 167	616 502	144 665
- Options sold	522 548	322 748	199 800
Total	141 797 319	98 597 320	43 199 999

13. Related party disclosures

The table below contains information about transactions effected by the bank and its subsidiaries with related entities at the end of the reporting period.

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 consolidation process.

Receivables and Liabilities

30.06.2006

			of which from the parent company (AIB Group)	Total
Receivables	of which from subsidiaries	of which from associates		
Loans and advances to banks	-	-	820 829	820 829
Derivative financial instruments	567	-	237 503	238 070
Loans and advances to customers	422 597	-	-	422 597
Other assets	7 050	-	-	7 050
Total	430 214	-	1 058 332	1 488 546

			of which from the parent company (AIB Group)	Total
Liabilities	of which from subsidiaries	of which from associates		
Deposits from banks	-	-	491	491
Derivative financial instruments	29 903	-	237 407	267 310
Deposits from clients	745 458	178 251	-	923 709
Other liabilities	13 850	-	25 917	39 767
Total	789 211	178 251	263 815	1 231 277



31.12.2005

			of which from the parent company (AIB Group)	
Receivables	of which from subsidiaries	of which from associates		Total
Loans and advances to banks	-	-	408 889	408 889
Derivative financial instruments	-	-	202 627	202 627
Loans and advances to customers	359 876	-	-	359 876
Other assets	6 067	-	-	6 067
Total	365 943	-	611 516	977 459

			of which from the parent company (AIB Group)	
Liabilities	of which from subsidiaries	of which from associates		Total
Deposits from banks	-	-	2 732	2 732
Derivative financial instruments	27 669	-	187 213	214 882
Deposits from clients	580 583	118 132	-	698 715
Other liabilities	14 147	-	14 415	28 562
Total	622 399	118 132	204 360	944 891

30.06.2005

			of which from the parent company (AIB Group)	
Receivables	of which from subsidiaries	of which from associates		Total
Loans and advances to banks	-	-	275 980	275 980
Derivative financial instruments	(2 521)	-	-	(2 521)
Loans and advances to customers	330 700	-	-	330 700
Other assets	7 313	-	-	7 313
Total	335 492	-	275 980	611 472

			of which from the parent company (AIB Group)	
Liabilities	of which from subsidiaries	of which from associates		Total
Deposits from banks	-	-	138	138
Derivative financial instruments	37 583	-	-	37 583
Deposits from clients	419 168	63 853	-	483 021
Debt securities in issue	-	-	-	-
Other liabilities	14 051	-	9 040	23 091
Razem	470 802	63 853	9 178	543 833

Profits and cost**01.01.2006 – 30.06.2006**

			of which from the parent company (AIB Group)	
Income	of which from subsidiaries	of which from associates		Total
Interest and similar income	7 016	-	13 044	20 060
Fee and commission income	59 460	-	-	59 460
Other operating income	2 356	-	-	2 356
Gains less losses from investment in securities	-	-	7 022	7 022
Total	68 832	-	20 066	88 898



Expenses			of which from the parent company (AIB Group)	Total
	of which from subsidiaries	of which from associates		
Interest expense and similar charges	14 245	2 492	74	16 811
Fee and commission expense	57	-	-	57
Other operating expenses:	502	-	17 324	17 826
Bank's operating expenses and management costs	502	-	17 324	17 826
	-	-	-	-
Total	14 804	2 492	17 398	34 694

01.01.2005 – 30.06.2005

Income			of which from the parent company (AIB Group)	Total
	of which from subsidiaries	of which from associates		
Interest and similar income	4 435	-	10 692	15 127
Fee and commission income	7 311	-	-	7 311
Other operating income	2 644	-	-	2 644
Gains less losses from investment in securities	-	-	13 150	13 150
Total	14 390	-	23 842	38 232

Expenses			of which from the parent company (AIB Group)	Total
	of which from subsidiaries	of which from associates		
Interest expense and similar charges	14 406	797	4	15 207
Fee and commission expense	12	-	-	12
Other operating expenses:	119	-	17 335	17 454
Bank's operating expenses and management costs	86	-	17 335	17 421
Other expenses	33	-	-	33
Total	14 537	797	17 339	32 673

Contingent liabilities**30.06.2006**

Intragroup transactions - contingent liabilities	of which from subsidiaries	of which from associates	Total
1. Received/Sanctioned contingent liabilities	871 438	-	871 438
financing-related	807 227	-	807 227
guarantees	64 211	-	64 211

Intragroup transactions - Derivatives' nominal values	of which from subsidiaries	of which from associates	Total
2. Nominały instrumentów pochodnych, w tym:	705 804	-	705 804
Financial instruments operations-single-currency interest rate hedging swaps	705 804	-	705 804



31.12.2005

Intragroup transactions - contingent liabilities	of which from subsidiaries	of which from associates	Total
1. Received/Sanctioned contingent liabilities	918 921	3 000	921 921
financing-related	859 082	-	859 082
guarantees	59 839	3 000	62 839

Intragroup transactions - Derivatives' nominal values	of which from subsidiaries	of which from associates	Total
2. Derivatives' nominal values, including:	734 867	-	734 867
-Financial instruments operations-double-currency interest rate swaps	30 192	-	30 192
-Financial instruments operations-single-currency interest rate hedging swaps	704 675	-	704 675

14. Principles of PLN conversion into EURO

Selected financial figures for 1H 2006 were converted according to the following principles:

for 1H 2006:

Selected balance sheet data and book value per share - according to the average EURO/PLN rate current at the balance sheet date and announced by the National Bank of Poland – 4,0434.

Selected items of profit and loss account and cash flow for 1H 2006 – according to the exchange rate calculated as an arithmetic mean on the last day of each month in a quarter – 3,9002 (Jan – 3,8285, Feb – 3,7726, Mar – 3,9357, Apr – 3,8740, May – 3,9472, June – 4,0434).

for 1H 2005:

Selected balance sheet data and book value per share - according to the average EURO/PLN rate current at the balance sheet date and announced by the National Bank of Poland – 4,0401.

Selected items of profit and loss account and cash flow for 1H 2005 - according to the exchange rate calculated as an arithmetic mean on the last day of each month in a quarter – 4,0805 (Jan – 4,0503, Feb – 3,9119, Mar – 4,0837, Apr – 4,2756, May – 4,1212, June – 4,0401).

15. Shareholders with min. voting power of 5%

According to the information held by the Bank's Management Board, the shareholder with a min. 5% of the total number of votes at the BZWBK Annual General Meeting as at the publication date of the quarterly consolidated report for 1H 2006 /01.08.2006/ is AIB European Investments Ltd. based in Dublin.



Shareholder	No. of shares held	% shareholding	No. of votes at AGM	% share in total number of votes at AGM
As at 01.08.2006				
AIB European Investments Limited	51 413 790	70,5 %	51 413 790	70,5 %
As at 24.04.2006				
AIB European Investments Limited	51 413 790	70,5 %	51 413 790	70,5 %

16. Changes in shareholding of members of the Management and Supervisory Boards WBK S.A.

No. of Bank Zachodni WBK shares held			
	24.04.2006	01.08.2006	Change
Members of the Management Board	476	501	25
Members of the Supervisory Board	278	278	-

Table below presents personal shareholding of Supervisory and Management Board Members as at 01 August 2006:

Owner	No. of shares
Supervisory Board	
Waldemar Frąckowiak	278
Management Board	
Jacek Kseń	500
Marcin Prell	1

No other Supervisory or Management Board Member is in possession of BZWBK shares.

17. Information about the commenced court proceedings

As at 30 June 2006, no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank amounting to a minimum of 10% of the Bank's equity.

The value of all litigations totals PLN 289 135 k, which is ca. 9,54% of Bank's equity. This amount includes PLN 74 341 k claimed by the Bank, PLN 46 052 k in claims against the Bank and PLN 168 742 k are Bank's receivables due to bankruptcy or arrangement cases.

As at 30 June 2005, no proceedings were instituted by court or by state administration agencies with relation to any claims made by or against the Bank amounting to a minimum of 10% of the Bank's equity.



The value of all litigations totals PLN 303 731 k, which is ca. 9.91% of Bank's equity. This amount includes PLN 69 584 k claimed by the Bank, PLN 30 310 k in claims against the Bank and PLN 203 837 k are Bank's receivables due to bankruptcy or arrangement cases.

18. Information concerning issuing loan guarantees by an issuer or its subsidiary – to one business unit or its subsidiary, if the total of guarantees issued amounts to at least 10% of issuer's equity

As at 30 June 2006 Bank Zachodni WBK S.A. had not issued any guarantees to one business unit or a subsidiary totalling a minimum of 10% of issuer's equity.

19. Events after the balance sheet date

Transfer of ownership right outside the regulated market from BZWBK S.A. securities account to NFI Magna Polonia S.A. securities account

Pursuant to section 69 of the Act on the public offer and the conditions for entering financial instruments into organized trading system and public companies of 29 July 2005, Bank Zachodni WBK S.A. informs that on 5 July 2006, ownership right was transferred outside the regulated market with regard to 5 570 261 NFI Magna Polonia S.A. shares from BZ WBK S.A. securities account to NFI Magna Polonia S.A. securities account.

The shares were purchased by NFI for redemption to deliver the Act 8/2006 of NFI Magna Polonia S.A. Extraordinary General Meeting of Shareholders of 13 April 2006 in which the Management Board was authorized to purchase NFI Magna Polonia S.A. shares for redemption.

Authorisation for issue of financial statements

The semi-annual consolidated financial statements were authorised for issue on 26th of July 2006 by Management Board of Bank Zachodni WBK S.A..



SIGNATURES			
Signatures of Members of the Management board			
Date	Name	Function	Signature
26-07-2006	Jacek Kseń	President	
26-07-2006	Declan Flynn	Member	
26-07-2006	Michał Gajewski	Member	
26-07-2006	Justyn Konieczny	Member	
26-07-2006	Janusz Krawczyk	Member	
26-07-2006	Jacek Marcinowski	Member	
26-07-2006	Mateusz Morawiecki	Member	
26-07-2006	James Murphy	Member	
26-07-2006	Marcin Prell	Member	
26-07-2006	Feliks Szyszkowiak	Member	
Date	Name	Function	Signature
26-07-2006	Wanda Rogowska	Financial Accounting Area Director	

