

2008

**Consolidated
Financial Statements of
Bank Zachodni WBK Group
for 4Q 2008**

FINANCIAL HIGHLIGHTS		PLN k		EUR k	
for the period ended:		31.12.2008	31.12.2007	31.12.2008	31.12.2007
Consolidated financial statements					
I	Interest and similar income	3 232 124	2 098 865	915 071	555 726
II	Fee and commission income	1 622 524	1 785 990	459 365	472 884
III	Operating profit	1 211 357	1 391 250	342 957	368 367
IV	Gross profit	1 210 580	1 391 444	342 737	368 419
V	Net profit attributable to the Company's equity holders	855 446	954 695	242 192	252 779
VI	Total net cash flow	965 626	685 232	273 386	181 432
VII	Total assets	57 838 074	41 318 736	13 862 064	11 535 102
VIII	Deposits from banks	4 095 477	4 483 526	981 564	1 251 682
IX	Deposits from customers	42 810 727	29 765 687	10 260 456	8 309 795
X	Total liabilities	52 645 882	36 742 035	12 617 650	10 257 408
XI	Total equity	5 192 192	4 576 701	1 244 414	1 277 694
XII	Minority interest	239 872	235 174	57 490	65 654
XIII	Net profit attributable to the Minority	98 840	155 982	27 983	41 300
XIV	Number of shares	72 960 284	72 960 284		
XV	Net book value per share in PLN/EUR	71,16	62,73	17,05	17,51
XVI	Solvency ratio	10,74%	13,27%		
XVII	Profit (loss) per share in PLN/EUR	11,72	13,09	3,32	3,47
XVIII	Diluted earnings (loss) per share in PLN/EUR	11,68	13,06	3,31	3,46
XIX	Declared or paid dividend per share in PLN/EUR	-	3,00	-	0,84
Stand alone financial statements					
I	Interest and similar income	3 017 121	1 957 840	854 200	518 386
II	Fee and commission income	1 111 474	1 000 083	314 678	264 796
III	Operating profit	987 433	979 030	279 560	259 222
IV	Profit before tax	987 433	979 030	279 560	259 222
V	Net profit	809 165	809 474	229 089	214 328
VI	Total net cash flow	964 880	682 874	273 175	180 808
VII	Total assets	55 210 084	39 181 904	13 232 213	10 938 555
VIII	Deposits from banks	1 957 609	3 145 395	469 181	878 111
IX	Deposits from customers	43 381 905	30 264 734	10 397 350	8 449 116
X	Total liabilities	50 789 526	35 331 135	12 172 737	9 863 522
XI	Equity attributable to the Company's equity holders	4 420 558	3 850 769	1 059 476	1 075 033
XII	Number of shares	72 960 284	72 960 284		
XIII	Net book value per share in PLN/EUR	60,59	52,78	14,52	14,73
XIV	Solvency ratio	9,81%	11,36%		
XV	Profit (loss) per share in PLN/EUR	11,09	11,09	3,14	2,94
XVI	Diluted earnings (loss) per share in PLN/EUR	11,05	11,07	3,13	2,93
XVII	Declared or paid dividend per share in PLN/EUR	-	3,00	-	0,84

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1. Consolidated income statement

For reporting period:	01.10.2008- 31.12.2008	01.01.2008- 31.12.2008	01.10.2007- 31.12.2007	01.01.2007- 31.12.2007
Interest and similar income	929 729	3 232 124	609 661	2 098 865
Interest expense and similar charges	(501 275)	(1 597 019)	(246 082)	(812 215)
Net interest income	428 454	1 635 105	363 579	1 286 650
Fee and commission income	389 583	1 622 524	467 807	1 785 990
Fee and commission expense	(56 309)	(232 854)	(66 358)	(241 001)
Net fee and commission income	333 274	1 389 670	401 449	1 544 989
Dividend income	20	70 306	15	64 746
Net trading income and revaluation	(41 302)	36 947	15 314	67 944
Gains (losses) from other financial securities	44 782	58 152	(27 637)	(25 475)
Net (loss)/gain on sale of subsidiaries and associates	-	(196)	1 710	1 710
Other operating income	21 010	67 999	18 624	51 180
Impairment losses on loans and advances	(300 895)	(364 551)	(6 756)	(3 936)
Operating expenses incl.:	(405 301)	(1 682 075)	(496 350)	(1 596 558)
<i>Bank's staff, operating expenses and management costs</i>	<i>(363 252)</i>	<i>(1 547 174)</i>	<i>(455 817)</i>	<i>(1 424 740)</i>
<i>Depreciation/amortisation</i>	<i>(28 721)</i>	<i>(107 331)</i>	<i>(29 176)</i>	<i>(134 602)</i>
<i>Other operating expenses</i>	<i>(13 328)</i>	<i>(27 570)</i>	<i>(11 357)</i>	<i>(37 216)</i>
Operating profit	80 042	1 211 357	269 948	1 391 250
Share in net profits of entities accounted for by the equity method	354	(777)	(757)	194
Profit before tax	80 396	1 210 580	269 191	1 391 444
Corporate income tax	(23 330)	(256 294)	(58 293)	(280 767)
Profit for the period	57 066	954 286	210 898	1 110 677
of which:				
attributable to the Company's equity holders	40 846	855 446	170 442	954 695
attributable to the Minority equity holders	16 220	98 840	40 456	155 982
Net earnings per share (PLN/share)				
Basic earnings per share		11,72		13,09
Diluted earnings per share		11,68		13,06

2. Consolidated balance sheet

	as at:	31.12.2008	30.09.2008	31.12.2007
ASSETS				
Cash and balances with central bank		3 178 107	1 160 028	2 206 265
Loans and advances to banks		1 364 543	2 177 036	2 576 878
Financial assets held for trading		3 224 867	1 624 056	1 251 653
Hedging derivatives		347	31 196	35 851
Loans and advances to customers		35 137 202	31 022 751	23 949 714
Investment securities		12 916 041	11 137 774	9 763 669
Investments in associates and joint ventures		47 221	46 866	13 378
Intangible assets		173 934	134 964	115 280
Property, plant & equipment		637 486	567 483	543 226
Deferred tax assets		640 500	394 944	368 449
Other assets		517 826	340 879	494 373
Total assets		57 838 074	48 637 977	41 318 736
LIABILITIES				
Deposits from central bank		1 242 574	-	-
Deposits from banks		4 095 477	4 889 887	4 483 526
Hedging derivatives		68 562	16 268	2 054
Financial liabilities held for trading		3 153 932	853 819	990 274
Deposits from customers		42 810 727	36 173 955	29 765 687
Debt securities in issue		153 918	283 583	352 961
Current income tax liabilities		13 638	34 621	49 115
Deferred tax liabilities		425 254	244 256	202 777
Other liabilities		681 800	932 779	895 641
Total liabilities		52 645 882	43 429 168	36 742 035
Equity				
Parent company equity		4 952 320	4 984 058	4 341 527
Share capital		729 603	729 603	729 603
Other reserve funds		2 716 687	2 726 934	2 061 578
Revaluation reserve		335 507	397 844	362 963
Retained earnings		315 077	315 077	232 688
Profit of the current period		855 446	814 600	954 695
Minority interest		239 872	224 751	235 174
Total equity		5 192 192	5 208 809	4 576 701
Total equity and liabilities		57 838 074	48 637 977	41 318 736

3. Movement 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 31.12.2007	729 603	2 061 578	362 963	1 187 383	235 174	4 576 701
Change in available for sale investments - increase	-	-	37 096	-	-	37 096
Change in available for sale investments - decrease	-	-	(16 225)	-	(3 540)	(19 765)
Cash flow hedge activities	-	-	(24 673)	-	-	(24 673)
Share scheme charge	-	1 734	-	-	-	1 734
Net (gains)/losses recognised in income statement	-	-	(23 654)	-	-	(23 654)
Profit for the period	-	-	-	855 446	98 840	954 286
Total recognised increase in equity in 2008	-	1 734	(27 456)	855 446	95 300	925 024
Dividend relating to 2007	-	-	-	(218 881)	(90 155)	(309 036)
Transfer to other reserve capital	-	653 816	-	(653 816)	-	-
Other	-	(441)	-	391	(447)	(497)
As at 31.12.2008	729 603	2 716 687	335 507	1 170 523	239 872	5 192 192

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	1 187 383	235 174	4 576 701
Change in available for sale investments - increase	-	-	62 261	-	-	62 261
Change in available for sale investments - decrease	-	-	(10 984)	-	(2 441)	(13 425)
Cash flow hedge activities	-	-	(5 316)	-	-	(5 316)
Share scheme charge	-	11 981	-	-	-	11 981
Net (gains)/losses recognised in income statement	-	-	(11 080)	-	-	(11 080)
Profit for the period	-	-	-	814 600	82 620	897 220
Total recognised increase in equity in I-III 2008	-	11 981	34 881	814 600	80 179	941 641
Dividend relating to 2007	-	-	-	(218 881)	(90 155)	(309 036)
Transfer to other reserve capital	-	-	-	-	-	-
Other	-	(441)	-	391	(447)	(497)
As at 30.09.2008	729 603	2 073 118	397 844	1 783 493	224 751	5 208 809

As at the end of the period revaluation reserve in the amount of PLN 397 844 k comprises of debt securities and equity shares classified as available for sale of PLN (42 620) k and PLN 445 780 k respectively and additionally cash flow hedge activities of PLN (5 316) 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 31.12.2006	729 603	1 857 147	508 548	864 703	116 741	4 076 742
Change in available for sale investments - increase	-	-	14 470	-	165	14 635
Change in available for sale investments - decrease	-	-	(181 193)	-	-	(181 193)
Share scheme charge	-	10 474	-	-	-	10 474
Net (gains)/losses recognised in income statement	-	-	21 138	-	-	21 138
Profit for the period	-	-	-	954 695	155 982	1 110 677
Total recognised increase in equity in 2007	-	10 474	(145 585)	954 695	156 147	975 731
Dividend relating to 2006	-	-	-	(437 762)	(37 723)	(475 485)
Transfer to other reserve capital	-	193 908	-	(193 908)	-	-
Other	-	49	-	(345)	9	(287)
As at 31.12.2007	729 603	2 061 578	362 963	1 187 383	235 174	4 576 701

As at the end of the period revaluation reserve in the amount of PLN 362 963 k comprises of debt securities and equity shares classified as available for sale of PLN (83 848) k and PLN 446 811 k respectively.

4. Consolidated cash flow statement

	01.10.2008 - 31.12.2008	01.01.2008 - 31.12.2008	01.10.2007 - 31.12.2007	01.01.2007 - 31.12.2007
Profit before tax	80 396	1 210 580	269 191	1 391 444
Total adjustments:	3 579 233	2 720 447	1 343 751	1 342 546
Share in net profits (losses) of entities accounted for by the equity method	(354)	777	757	(194)
Depreciation	28 721	107 331	29 175	134 602
Impairment losses	3 340	3 465	-	(350)
Gains (losses) on exchange differences	(5 990)	(9 828)	(8 014)	(3 497)
Interests and similar charges	16 994	23 338	(3 291)	200
Dividend income	(20)	(70 306)	(15)	(64 746)
(Profit) loss from investing activities	(43 722)	(60 229)	29 682	25 113
Change in provisions	(28 651)	(66 804)	21 779	71 922
Change in trading portfolio financial instruments	782 446	292 457	(203 080)	588 057
Change in loans and advances to banks	805 858	1 206 119	1 142 334	591 115
Change in loans and advances to customers	(4 108 461)	(11 177 660)	(1 672 123)	(6 333 073)
Change in deposits from banks	292 705	214 416	(1 194 732)	1 031 787
Change in deposits from customers	6 686 533	13 094 802	3 410 131	5 592 663
Change in liabilities arising from debt securities in issue	(102 548)	(99 510)	(16 121)	(10 925)
Change in assets and liabilities arising from deferred taxation	(3 583)	(303)	2 451	2 089
Change in other assets and liabilities	(636 308)	(405 323)	(64 335)	(10 095)
Paid income tax	(107 967)	(333 749)	(132 960)	(274 982)
Other adjustments	240	1 454	2 113	2 860
Net cash flow from operating activities	3 659 629	3 931 027	1 612 942	2 733 990
Inflows	635 049	2 441 177	1 016 951	2 942 028
Sale of shares or interests in subsidiaries and associates	-	3 021	17 159	17 159
Sale of investment securities	628 285	2 350 787	998 333	2 854 007
Sale of intangible and tangible fixed assets	6 741	17 053	1 442	6 110
Dividends received	20	70 306	15	64 746
Proceeds from other investments	3	10	2	6
Outflows	(2 308 562)	(5 447 751)	(1 730 432)	(4 939 944)
Purchase of subsidiaries and associates	0	(38 131)	-	-
Purchase of investment securities	(2 165 359)	(5 152 217)	(1 633 149)	(4 789 868)
Purchase of intangible and tangible fixed assets	(141 627)	(255 758)	(92 488)	(143 562)
Other investments	(1 576)	(1 645)	(4 795)	(6 514)
Net cash flow from investing activities	(1 673 513)	(3 006 574)	(713 481)	(1 997 916)
Inflows	224 786	974 792	355 596	1 376 263
Drawing of long-term loans	224 786	974 792	341 267	1 319 425
Issue of debt securities	-	-	14 329	56 838
Outflows	(199 458)	(933 619)	(196 965)	(1 427 105)
Repayment of long-term loans	(119 089)	(384 445)	(122 386)	(518 168)
Debt securities buy out	(27 116)	(99 533)	(50 245)	(339 294)
Dividends and other payments to shareholders	-	(309 036)	-	(475 485)
Other financing outflows	(53 253)	(140 605)	(24 334)	(94 158)
Net cash flow from financing activities	25 328	41 173	158 631	(50 842)
Total net cash flow	2 011 444	965 626	1 058 092	685 232
Cash at the beginning of the accounting period	1 187 018	2 232 836	1 174 744	1 547 604
Cash at the end of the accounting period	3 198 462	3 198 462	2 232 836	2 232 836

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

For reporting period:	01.10.2008 - 31.12.2008	01.01.2008 - 31.12.2008	01.10.2007 - 31.12.2007	01.01.2007 - 31.12.2007
Interest and similar income	869 267	3 017 121	567 721	1 957 840
Interest expense and similar charges	(479 080)	(1 525 654)	(235 758)	(775 402)
Net interest income	390 187	1 491 467	331 963	1 182 438
Fee and commission income	293 851	1 111 474	263 088	1 000 083
Fee and commission expense	(34 942)	(121 477)	(25 430)	(81 502)
Net fee and commission income	258 909	989 997	237 658	918 581
Dividend income	21	218 331	7 282	177 978
Net trading income and revaluation	(46 219)	29 488	13 905	52 271
Gains (losses) from other financial securities	43 664	55 890	(27 556)	(25 784)
Gains from investment in subsidiaries and associates	-	226	(688)	12 735
Other operating income	18 877	54 283	14 314	38 459
Impairment losses on loans and advances	(295 832)	(351 889)	(7 114)	565
Operating expenses incl.:	(367 357)	(1 500 360)	(421 237)	(1 378 213)
<i>Bank's staff, operating expenses and management costs</i>	<i>(332 732)</i>	<i>(1 386 807)</i>	<i>(385 366)</i>	<i>(1 224 905)</i>
<i>Depreciation/amortisation</i>	<i>(25 989)</i>	<i>(97 611)</i>	<i>(27 152)</i>	<i>(127 264)</i>
<i>Other operating expenses</i>	<i>(8 636)</i>	<i>(15 942)</i>	<i>(8 719)</i>	<i>(26 044)</i>
Operating profit	2 250	987 433	148 527	979 030
Profit before tax	2 250	987 433	148 527	979 030
Corporate income tax	(7 775)	(178 268)	(31 180)	(169 556)
Profit for the period	(5 525)	809 165	117 347	809 474
Net earnings per share (PLN/share)				
Basic earnings per share		11,09		11,09
Diluted earnings per share		11,05		11,07

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

	as at:	31.12.2008	30.09.2008	31.12.2007
ASSETS				
Cash and balances with central bank		3 178 099	1 160 020	2 206 259
Loans and advances to banks		1 347 832	2 155 137	2 563 755
Financial assets held for trading		3 222 357	1 624 352	1 142 060
Hedging derivatives		347	31 196	35 850
Loans and advances to customers		32 654 263	28 741 643	22 150 633
Investment securities		12 894 385	11 113 188	9 698 307
Investments in associates and joint ventures		234 225	224 689	155 967
Intangible assets		155 459	121 037	102 906
Property, plant & equipment		618 705	548 954	528 027
Current income tax due		-	-	37 950
Deferred tax assets		567 169	337 203	312 700
Other assets		337 243	149 649	247 490
Total assets		55 210 084	46 207 068	39 181 904
LIABILITIES				
Deposits from central banks		1 242 574	-	-
Deposits from banks		1 957 609	3 054 153	3 145 395
Hedging derivatives		68 562	16 264	2 054
Financial liabilities held for trading		3 253 289	858 547	994 187
Deposits from customers		43 381 905	36 684 241	30 264 734
Debt securities in issue		-	104 132	99 348
Current income tax liabilities		10 971	23 688	-
Deferred tax liabilities		399 028	230 557	188 620
Other liabilities		475 588	738 151	636 797
Total liabilities		50 789 526	41 709 733	35 331 135
Equity				
Share capital		729 603	729 603	729 603
Other reserve funds		2 543 577	2 553 825	1 951 251
Revaluation reserve		338 213	399 217	360 441
Profit of the current period		809 165	814 690	809 474
Total equity		4 420 558	4 497 335	3 850 769
Total equity and liabilities		55 210 084	46 207 068	39 181 904

7. 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 31.12.2007	729 603	1 951 251	360 441	809 474	3 850 769
Change in available for sale investments - increase	-	-	33 543	-	33 543
Change in available for sale investments - decrease	-	-	(7 444)	-	(7 444)
Share scheme charge	-	1 733	-	-	1 733
Cash flow hedge activities	-	-	(24 673)	-	(24 673)
Net (gains)/losses recognised in income statement	-	-	(23 654)	-	(23 654)
Profit for the period	-	-	-	809 165	809 165
Total recognised increase in equity in 2008	-	1 733	(22 228)	809 165	788 670
Dividend relating to 2007	-	-	-	(218 881)	(218 881)
Transfer to other reserve 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
Change in available for sale investments - increase	-	-	62 263	-	62 263
Change in available for sale investments - decrease	-	-	(8 545)	-	(8 545)
Cash flow hedge activities	-	-	(5 316)	-	(5 316)
Share scheme charge	-	11 981	-	-	11 981
Net (gains)/losses recognised in income statement	-	-	(9 626)	-	(9 626)
Profit for the period	-	-	-	814 690	814 690
Total recognised increase in equity in I-III 2008	-	11 981	38 776	814 690	865 447
Dividend relating to 2007	-	-	-	(218 881)	(218 881)
Transfer to other reserve capital	-	590 593	-	(590 593)	-
As at 30.09.2008	729 603	2 553 825	399 217	814 690	4 497 335

As at the end of the period revaluation reserve in the amount of PLN 399 217 k comprises of debt securities and equity shares classified as available for sale of PLN (42 621) k and PLN 447 154 k respectively and additionally cash flow hedge activities PLN (5 316) k.

MOVEMENTS ON EQUITY	Share capital	Other reserve funds	Revaluation reserve	Retained earnings and profit for the period	Total
Opening balance as at 31.12.2006	729 603	1 785 744	505 102	592 795	3 613 244
Change in available for sale investments - increase	-	-	14 470	-	14 470
Change in available for sale investments - decrease	-	-	(182 521)	-	(182 521)
Share scheme charge	-	10 474	-	-	10 474
Net (gains)/losses recognised in income statement	-	-	23 390	-	23 390
Profit for the period	-	-	-	809 474	809 474
Total recognised increase in equity in 2007	-	10 474	(144 661)	809 474	675 287
Dividend relating to 2006	-	-	-	(437 762)	(437 762)
Transfer to other reserve capital	-	155 033	-	(155 033)	-
As at 31.12.2007	729 603	1 951 251	360 441	809 474	3 850 769

As at the end of the period revaluation reserve in the amount of PLN 360 441 k comprises of debt securities and equity shares classified as available for sale of PLN (83 803) k and PLN 444 244 k respectively.

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

	01.10.2008	01.01.2008	01.10.2007	01.01.2007
for the period:	- 31.12.2008	- 31.12.2008	- 31.12.2007	- 31.12.2007
Profit before tax	2 250	987 433	148 527	979 030
Total adjustments:	3 694 638	3 127 308	1 534 779	1 943 526
Depreciation	25 988	97 611	27 152	127 264
Impairment losses	(36)	(72)	(1)	(854)
Interests and similar charges	(32 638)	(103 005)	(114 839)	(89 587)
Dividend income	(21)	(218 331)	(7 282)	(177 978)
(Profit) loss from investing activities	(42 319)	(58 123)	1 384	(15 994)
Change in provisions	(31 123)	(36 205)	8 997	32 670
Change in trading portfolio financial instruments	879 884	280 816	(98 621)	626 510
Change in loans and advances to banks	807 425	1 208 963	1 148 875	596 596
Change in loans and advances to customers	(3 912 620)	(10 503 630)	(1 688 443)	(5 978 279)
Change in deposits from banks	146 030	54 788	(791 677)	1 185 251
Change in deposits from customers	6 697 664	13 117 171	3 122 807	5 801 894
Change in liabilities arising from debt securities in issue	(104 132)	(99 348)	719	3 451
Change in assets and liabilities arising from deferred taxation	-	-	(1)	2 022
Change in other assets and liabilities	(659 058)	(446 583)	47 276	63 063
Paid income tax	(80 640)	(168 195)	(123 682)	(235 363)
Other adjustments	234	1 451	2 115	2 860
Net cash flow from operating activities	3 696 888	4 114 741	1 683 306	2 922 556
Inflows	633 847	2 546 576	1 050 048	3 096 998
Sale of shares or interests in subsidiaries and associates	-	3 021	17 115	46 780
Sale of investment securities	627 167	2 308 655	1 024 218	2 866 290
Sale of intangible and tangible fixed assets	6 656	16 559	1 431	5 944
Dividends received	21	218 331	7 282	177 978
Proceeds from other investments	3	10	2	6
Outflows	(2 308 805)	(5 463 274)	(1 674 304)	(4 875 298)
Purchase of subsidiaries and associates	(9 500)	(81 831)	-	-
Purchase of investment securities	(2 165 284)	(5 144 390)	(1 584 401)	(4 741 120)
Purchase of intangible and tangible fixed assets	(132 477)	(235 468)	(85 152)	(127 757)
Other investments	(1 544)	(1 585)	(4 751)	(6 421)
Net cash flow from investing activities	(1 674 958)	(2 916 698)	(624 256)	(1 778 300)
Inflows	(3 731)	(233 163)	(1 116)	(461 382)
Outflows	(3 731)	(233 163)	(1 116)	(461 382)
Repayment of long-term loans	-	-	-	(19 156)
Dividends and other payments to shareholders	-	(218 881)	-	(437 762)
Other financing outflows	(3 731)	(14 282)	(1 116)	(4 464)
Net cash flow from financing activities	(3 731)	(233 163)	(1 116)	(461 382)
Total net cash flow	2 018 199	964 880	1 057 934	682 874
Cash at the beginning of the accounting period	1 172 271	2 225 590	1 167 656	1 542 716
Cash at the end of the accounting period	3 190 470	3 190 470	2 225 590	2 225 590

ADDITIONAL INFORMATION TO CONSOLIDATED QUARTERLY REPORT OF BZ WBK GROUP FOR 4Q 2008

9. Bank Zachodni WBK S.A. Performance

General Review after Four Quarters of 2008

In 2008, amid unprecedented volatility of the financial markets and contracting economy, Bank Zachodni WBK Group produced higher total income by 8.9% y-o-y (PLN 3,258 m). This performance reflects the fast growth of the key business lines. With strong investments into the future, the consolidated profit-before-tax amounted to PLN 1,210.6 m and was 13% lower y-o-y than the historical high in 2007.

Financial Performance in Brief

● Key financial figures and year-on-year movements:

- Profit-before-tax was PLN 1,210.6 m, down 13% y-o-y;
- Profit-after-tax attributable to Bank Zachodni WBK shareholders was PLN 855.5 m, down 10.4% y-o-y;
- Return on Equity above 20% (20.9% versus 28.2% as at 31 December 2007);
- Capital adequacy ratio at 10.74%;
- Increase in total income by 8.9% y-o-y, including a rise in net interest income by 27.1%;
- Total costs higher by 5.4% with dynamic development of distribution channels and IT infrastructure;
- Improved cost efficiency (a decline in cost-to-income ratio from 53.4% in 2007 to 51.6% in 2008);
- Stable level of NPL ratio on a y-o-y basis (2.9% as at 31 December 2008 versus 2.8% as at 31 December 2007) while total loan loss ratio (net impairment charge over total credit exposure) higher at 1.23% compared to 0.02% as at 31 December 2007.

Key Factors Affecting the Group's Profit and Activity

● Diversification of business:

- Rapid growth of credit volumes: cash loans (+71% y-o-y), mortgage loans (+49.5% y-o-y), business loans (+46.1% y-o-y), lease receivables (+27.9% y-o-y);
- Significant growth in deposits (+43.8% y-o-y), including term deposits (+80% y-o-y);
- Loans to deposits ratio remained at the level which ensures adequate liquidity and access to the sources of funding (82.1% as at 31 December 2008 versus 80.5% as at 31 December 2007); adjusted for short-term large business deposits (PLN 2,786 m) included in the balance of customer deposits as at 31 December 2008, the ratio was at 88%;

- Introduction of new investment products, including closed-end funds and structured solutions;
- Further growth of prospective business lines, including bancassurance products and services to third party institutions;
- Increase in the number of BZWBK24 electronic banking users by 23% y-o-y;
- Expansion of the debit and credit cards base (+19% y-o-y and +21% y-o-y, respectively) due to the broad offer and linked services;
- Decrease in the value of assets of mutual funds and private portfolios (-63% y-o-y) due to substantial fund redemptions and stock price movements;
- Efficient equity investment management, growing activity in the area of advisory and securities services.

● **Rapid changes in the external environment in the second half-year, including:**

- Global spread of the financial and economic crisis;
- Deceleration of economic growth (to approx. 3% in the fourth quarter from 5.9% in the first half of 2008);
- Stagnation in the inter-bank market, breakdown of trust and liquidity crunch in the sector;
- Interest margins under pressure from elevated cost funding as a result of fierce pricing competition for customer deposits;
- Deteriorating financial performance of Polish companies;
- Deepening stock market downturn and its impact on mutual funds;
- Increased customer focus on security of savings and investment products, and creditworthiness of financial institutions;
- End of the interest rate increases and significant rate cuts towards the end of the year;
- Significant zloty depreciation against main currencies;
- Reversal of the positive trends in the labour market.

Financial Performance After Four Quarters of 2008

Profit and Loss Account

The table below presents major developments in key categories of the profit and loss account of Bank Zachodni WBK Group in 2008 compared with the previous year.

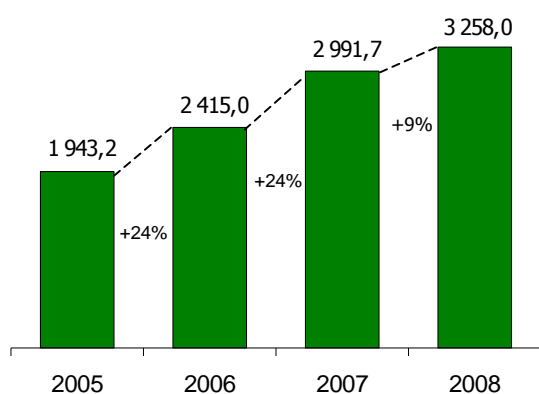
PLN m

Profit and Loss Account	2008	2007	Change
Total income	3 258.0	2 991.7	+8.9%
Total costs	(1 682.1)	(1 596.6)	+5.4%
Impairment losses on loans and advances	(364.6)	(3.9)	-
Profit-before-tax*	1 210.6	1 391.4	-13.0%
Profit-after-tax	954.3	1 110.7	-14.1%
- Profit-after-tax attributable to the dominant entity	855.5	954.7	-10.4%
- Profit-after-tax attributable to minority interests	98.8	156.0	-36.7%

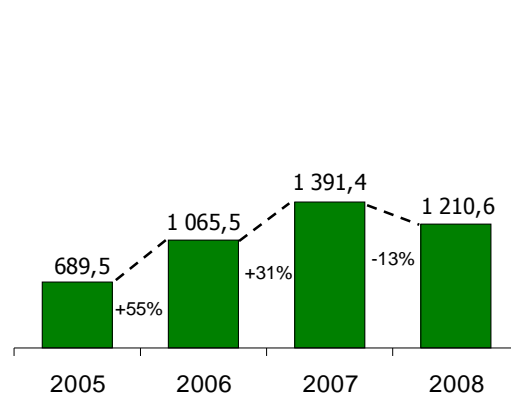
* Profit-before-tax includes share in net profits/losses of entities accounted for by the equity method (PLN -0.8 m in 2008 vs. PLN 0.2 m in 2007)

In 2008, Bank Zachodni WBK Group posted a profit-before-tax of PLN 1,210.6 m, a decrease of 13% on the previous year. The profit-after-tax attributable to the shareholders of Bank Zachodni WBK was PLN 855.5 m and 10.4% lower y-o-y. This performance was achieved amid extreme volatility in the financial markets and slowing economy, and also at a time of high investments into the bank's organic development, expansion of the IT infrastructure and intensive marketing campaigns. It was possible due to diversification of the Group's income streams, dynamic development of many important business lines and improvement of the Group's sales potential.

**Total Income of BZ WBK Group
in 2005-2008 (PLN m)**



**Profit-Before-Tax of BZ WBK Group
in 2005-2008 (PLN m)**



Income

In 2008, Bank Zachodni WBK Group posted a total income of PLN 3,258 m, an increase of 8.9% on the prior year. This growth was mainly driven by the rising core business volumes, particularly in the area of loans, deposits and connected products.

PLN m

Total Income	2008	2007	Change
Net interest income	1 635.1	1 286.7	+27.1%
Net commission income	1 389.7	1 545.0	-10.1%
Dividend income	70.3	64.7	+8.7%
Net trading income and revaluation	36.9	67.9	-45.7%
Result on sale of subsidiary / associated undertakings and other financial instruments	58.0	(23.8)	-
Other operating income	68.0	51.2	+32.8%
Total	3 258.0	2 991.7	+8.9%

Net Interest Income

Net interest income amounted to PLN 1,635.1 m and increased by 27.1% y-o-y due to the rapid expansion of the bank's loans and deposits. Its constituent element - interest revenue - showed a steady growth throughout the year, reflecting the balanced increases in the Group's loan-books, including business loans, cash loans and home mortgages. Interest expense accelerated substantially at the year-end when the bank started to offer attractively priced short-term deposits.

Taking into account other interest-related income from FX Swaps and Basis Swaps (PLN 91.2 m in 2008 and PLN 21.5 in 2007), disclosed under "Net trading income and revaluation", the underlying net interest income increased by 32% y-o-y.

Net Commission Income

PLN m

Net Commission Income	2008	2007	Change
Mutual fund distribution and asset management services	366.0	646.5	-43.4%
FX fees	250.9	211.4	+18.7%
E-business and payments*	236.7	193.5	+22.3%
Account maintenance and cash transactions	232.5	221.1	+5.2%
Credit fees**	108.3	85.4	+26.8%
Brokerage fees	106.2	145.0	-26.8%
Bancassurance fees	72.1	42.5	+69.6%
Other income***	17.0	(0.4)	-
Total	1 389.7	1 545.0	-10.1%

* includes fees for foreign and mass payments, Western Union transfers and trade finance, debit cards and services for third party institutions as well as other electronic services;

** includes fees for loans, leasing, factoring, credit intermediation and guarantees (excluding interest and equivalent income);

*** other income for 2008 includes the fees for distribution of structured products.

Net commission income amounted to PLN 1,389.7 m and decreased by 10.1% y-o-y due to the downturn in the Polish stock market, which resulted in the lower level of fees for distribution of mutual funds, asset distribution and brokerage services. The other business lines reported a growth, particularly bancassurance, e-business & payments and credit fees. Details of the key changes are presented below:

- The Group's net income from fund distribution and asset management was PLN 366 m and 43.4% down y-o-y due to the prolonged downturn in the stock market. The market turmoil adversely affected the value of mutual funds and led to significant redemptions in addition to increasing investors aversion to risk-bearing instruments (such as equity-linked or mixed funds).
- The fees on FX transactions increased by 18.7% y-o-y to PLN 250.9 m, reflecting the improved margins and higher volumes of the FX transactions both in the corporate and wholesale market.
- The net commission income from e-business and payments increased by 22.3% y-o-y to PLN 236.7 m. Two product lines from this area grew particularly strongly: "services to third-party financial institutions" and "debit cards". The former line showed a higher fee income (+35% y-o-y), reflecting the bank's co-operation with new financial institutions and the increase in the number of cards processed and

ATMs managed on their behalf. The latter line showed a strong performance (+26% y-o-y) attributed to the growth in the number of debit cards held by the bank's customers (+19% y-o-y) and the higher number and value of non-cash transactions made with these cards.

- Net commission income of the BZ WBK Brokerage House decreased by 26.8% y-o-y to PLN 106.2 m due to the strong slowdown in the stock market and the consequent decline in stock trading in the market place.
- Credit fees increased by 26.8% y-o-y to PLN 108.3 m, mainly due to the increase in the number of credit cards (+21% y-o-y), the Group's higher exposure on overdrafts and the development of the factoring business.
- The bancassurance line generated an income of PLN 72.1 m, exceeding the comparable period by 69.6% on the back of the growing sale of credit insurance.

Dividend Income

Dividend income of PLN 70.3 m increased by 8.7% y-o-y mainly as a result of the dividends paid by the Commercial Union companies included in the bank's equity investment portfolio. In 2008, the bank received the following pay-outs from this source: PLN 20.7 m from Commercial Union Powszechnie Towarzystwo Emerytalne BPH CU WBK S.A. (PLN 16.7 m in 2007) and PLN 44 m from Commercial Union Polska Towarzystwo Ubezpieczeń na Życie S.A. (PLN 43.7 m in 2007).

Net Trading Income and Revaluation

Net trading income and revaluation decreased by 45.7% to PLN 36.9 m due to the fair value adjustment of PLN 81 m to derivative instruments driven by increased counter-party risk in the highly volatile environment in 2008. The impact of this movement (PLN -74 m y-o-y) was partly offset by the increase in income from the wholesale inter-bank market (PLN +40.4 m y-o-y), particularly FX Swaps.

Result on Sale of Subsidiary/Associated Undertakings and on Other Financial Instruments

The result on these financial instruments amounted to PLN 58 m, which includes the profit on the sale of equity investments in MasterCard Inc. (PLN 22.4 m) and Commercial Union PTE BPH CU WBK S.A. (PLN 20.6 m), and the gains on the transactions involving Visa Inc. (PLN 23.2 m).

Loan Impairment Charge

The loan impairment charge to the profit and loss account was PLN 364.6 m compared with PLN 3.9 m in 2007.

This provisioning level was driven by a few factors: the changes in the macroeconomic environment, growth of the Group's credit portfolio (+46.7% y-o-y) and alignment of the credit risk parameters to the new market conditions. Predominantly, however, it reflects the increased credit risk arising from the contracted economy and deteriorating financial standing of large corporations and a number of households. The Group regularly reviews

its individually significant exposures and the parameters used in the collective loan analysis, thus ensuring immediate and adequate recognition of provisions for incurred losses, both reported and not reported.

Costs

Total operating costs of Bank Zachodni WBK Group amounted to PLN 1,682.1 m and were higher by 5.4% y-o-y. Their main components were as follows:

PLN m

Total Costs	2008	2007	Change
Staff and other administrative expenses, including:	(1 547.2)	(1 424.7)	+8.6%
- <i>Staff expenses</i>	(896.4)	(842.8)	+6.4%
- <i>Other administrative expenses</i>	(650.8)	(581.9)	+11.8%
Depreciation/Amortisation	(107.3)	(134.6)	-20.3%
Other operating costs	(27.6)	(37.3)	-26.0%
Total	(1 682.1)	(1 596.6)	+5.4%

Staff and Other Administrative Expenses

The staff and other administrative expenses of the Group increased by 8.6% to PLN 1,547.2 m due to dynamic development of the distribution channels and extension/modernisation of the IT infrastructure under the bank's strategic programmes.

- Staff costs increased by 6.4% y-o-y to PLN 896.4 m as a result of higher employment driven by the growing distribution network and centralisation of processes (1,135 new FTEs over 12 months), and pay increases (5% on average) linked to the annual performance review in April 2008.
- The Group's other administrative expenses increased by 11.8% y-o-y to PLN 650.8 m. The principal contributory factor was the growing cost of lease and maintenance of premises as a result of expanding the bank's distribution channels, including the Branch Network, specialist business centres (Business Banking Centres and Private Banking Offices) and their supporting functions in the Business Support Centre. In addition, the development and modernisation of operating outlets entailed significant costs of premises renovation and equipment supply. The other major cost driver was IT maintenance which generated higher expenses due to the execution of strategic projects, such as: development of the ATM network, provision of hardware and software to the new branches and the Credit Operations Centre (established as part of the project of centralisation and enablement of the credit and security processes). The Group's savings initiatives, coupled with rigorous planning and control of operating cost budget, continued to keep administrative expenses at a lower level.

Depreciation/Amortisation

Depreciation/amortisation totalled PLN 107.3 m and decreased by 20.3% y-o-y due to the full amortisation of ICBS, the branch banking system.

Balance sheet

The table below presents major developments in key categories of the balance sheet of Bank Zachodni WBK Group at the end of December 2008 versus December 2007.

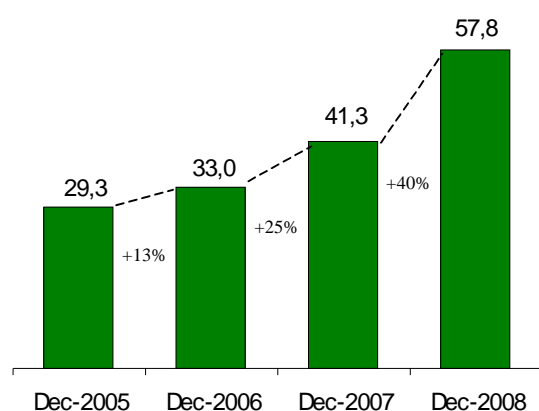
PLN m

Balance-Sheet Items	31-12-2008	Balance Sheet Structure 31-12-2008	31-12-2007	Balance Sheet Structure 31-12-2007	Change
Balance sheet total	57 838.1	100%	41 318.7	100%	+40.0%
Assets					
Loans and advances to customers*	35 137.2	61%	23 949.7	58%	+46.7%
Investment securities	12 916.0	22%	9 763.7	24%	+32.3%
Financial assets held for trading	3 224.9	6%	1 251.7	3%	+157.6%
Cash and operations with Central Bank	3 178.1	6%	2 206.3	5%	+44%
Loans and advances to banks	1 364.5	2%	2 576.9	6%	-47%
Other assets	2 017.4	3%	1 570.4	4%	+28.5%
Liabilities					
Deposits from customers	42 810.7	74%	29 765.7	72%	+43.8%
Deposits from banks	4 095.5	7%	4 483.5	11%	-8.7%
Financial liabilities held for trading	3 153.9	6%	990.3	2%	+218.5%
Deposits from the Central Bank	1 242.6	2%	-	-	-
Debt securities in issue	153.9	0%	353.0	1%	-56.4%
Other liabilities	1 189.3	2%	1 149.5	3%	+3.5%
Equity	5 192.2	9%	4 576.7	11%	+13.4%

* less loan impairment charge

As at 31 December 2008, total assets of Bank Zachodni WBK Group amounted to PLN 57,838.1 m and were 40% up on the previous year. The value and structure of the Group's balance sheet is determined by the bank's balance sheet which accounts for 95.5% of the consolidated total assets.

Assets of BZ WBK Group as at 31 December in 2005-2008 (PLN bn)



The main asset growth driver during past 12 months were loans and advances to customers (+46.7% y-o-y). A substantial increase was also noted in financial assets held for trading (+157.6% y-o-y), which reflects the higher business transacted in the derivative market, partly due to the growth of residential and property loans denominated in foreign currencies. Cash and operations with Central Bank increased by 44% y-o-y as part of the Group's on-going liquidity management process, which takes account of a number of factors, including higher obligatory reserve requirement driven by the deposit base growth. Investment securities continued to grow (+32.3% y-o-y) based on the decisions made as part of the Group's structural balance sheet risk 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. Loans and advances to banks decreased in the same period by 47% y-o-y due to the stagnant inter-bank money market.

On the liabilities side, the Group reported a substantial increase in deposits from customers (+43.8% y-o-y), mainly in the form of balances in short-term deposits and savings accounts. A strong growth, driven by derivative transactions, was also observed in the financial liabilities held for trading (+218.5% y-o-y). The amount owed to the Central Bank represent a repo transaction, an effect of increased activity of the National Bank of Poland in the local money market. Deposits from banks decreased by 8.7% y-o-y as the inter-bank markets became frozen. At the same time, the debt securities in issue decreased by 56.4% 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 178.3 m.

Credit Portfolio

PLN m

Gross Loans and Advances to Customers	31-12-2008	31-12-2007	Change
Loans and advances to business customers	23 289.0	15 945.3	+46.1%
Loans and advances to personal customers	9 239.6	6 109.7	+51.2%
Finance lease receivables	2 959.0	2 313.8	+27.9%
Loans and advances to public sector and other receivables*	538.9	165.9	+224.8%
Total	36 026.5	24 534.7	+46.8%

*other receivables include reverse-repo transactions

At the end of December 2008, gross loans and advances to customers were PLN 36,026.5 m and 46.8% up y-o-y due to increasing volumes of the Group's key portfolios: business loans, retail loans and leasing facilities.

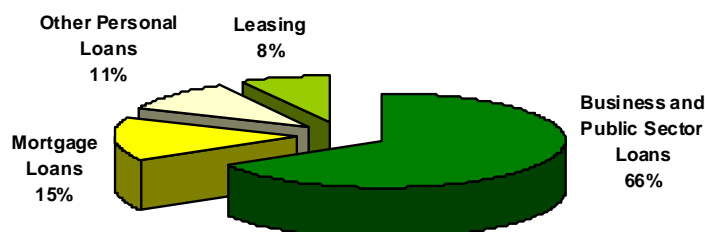
Loans and advances to business customers amounted to PLN 23,289 m and were 46.1% higher y-o-y. This growth reflects the high demand for loans to finance investments, inventory and working capital. The credit delivery accelerated driven by long-term corporate lending, including property development projects.

The value of retail loans increased by 51.2% y-o-y to PLN 9,239.6 m due to the strong growth in cash and mortgage loans. Cash loans increased by 71% to PLN 2,687.9 m, confirming the high quality of the bank's offer and the effectiveness of its pro-active promotion and sales methods. Mortgages increased by 49.5% y-o-y to PLN 5,450.5 m due to the attractive structure of the loans, availability of FX lending, effective customer service and flexibility in responding to market developments in compliance with the bank's credit policy.

The leasing portfolio increased by 27.9% y-o-y to PLN 2.959 m due to the good performance of the Group's leasing subsidiaries, particularly in the category of machines & equipment.

At the end of December 2008, the impaired loans accounted for 2.9% of the gross portfolio versus 2.8% recorded 12 months before. The provision cover ratio for the impaired loans was 55% compared with 65.3% as at 31 December 2007.

Exposure structure of BZ WBK Group as at 31.12.2008



Bank Zachodni WBK Group complies with the Banking Law requirements with regard to the limits of exposures to a single entity or to a group of connected entities.

As at the end of December 2008, the highest concentration levels were recorded in the "property sector services" (19%) and "construction" (14%) as per the Polish Business Classification.

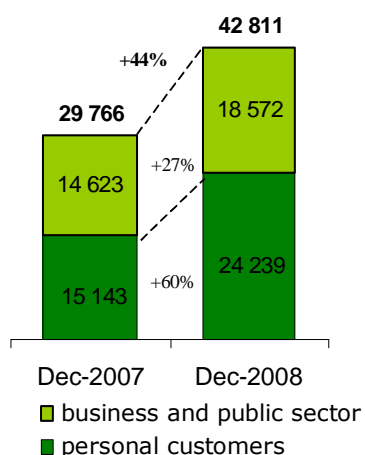
Deposit Base x

PLN m

Deposits from Customers	31-12-2008	31-12-2007	Change
Deposits from personal customers	24 239.1	15 142.9	+60.1%
Deposits from business customers *	15 066.5	12 211.5	+23.4%
Deposits from public sector *	3 505.1	2 411.3	+45.4%
Total	42 810.7	29 765.7	+43.8%

* Deposits from business and public sector as at 31 December 2008 include PLN 2,786 m of deposits held by a few large customers which are not expected to be rolled-over on maturity.

Deposits from Customers (PLN m) as at 31 December in 2007-2008



Deposits from customers, which represent 74% of the Group's balance sheet total, are the primary source of funding of the Group's lending business. At the end of December 2008, customer deposits totalled PLN 42,810.7 m and were higher by 43.8% y-o-y. This value comprises the funds deposited in current accounts (PLN 16,721.9 m), term deposits (PLN 25,703.3 m) and other liabilities.

Last year, particularly fast growth was noted as regards the balances in term deposit accounts, which exceeded the prior year's figure by 80%. This growth is attributable to the bank's attractive deposit offer, including the IMPET term deposits and the heavily advertised 3-month "High Earning" deposit, which attracted PLN 7,489 m by the end of December 2008. Current account balances increased by 11.1% due to the popularity of the savings accounts which totalled PLN 6,831.6

m as at 31 December 2008. The high balances in the current and term deposit accounts result from the increase in the disposable income of some households and the customers' reluctance to invest in risk-bearing financial instruments as a follow-up on the strong downturn in the stock market.

Basic Financial Ratios

Financial Ratios	2008	2007
Total costs / Total income	51.6%	53.4%
Net interest income / Total income	50.2%	43.0%
Net commission income / Total income	42.7%	51.6%
Customer deposits / Total liabilities	74.0%	72.0%
Customer loans / Total assets	60.8%	58.0%
Customer loans / Customer deposits	82.1%	80.5%
NPLs ratio	2.9%	2.8%
NPL coverage ratio	55.0%	65.3%
ROE*	20.88%	28.19%
ROA**	1.7%	2.6%
Solvency Ratio	10.74%	13.27%
Earnings per share (PLN)	11.72	13.09

The following were used in computations:

* *profit-after-tax attributable to BZWBK shareholders for 12 month period starting on 1 January and equity as at the end of the reporting period, net of current year's profit and minority interests;*

** *profit-after-tax attributable to BZWBK shareholders for 12 month period starting on 1 January and average assets derived from the two comparative periods.*

Achievements of the Bank Zachodni WBK Group in the fourth quarter of 2008

Detailed information on the achievements of Bank Zachodni WBK Group in the four quarters of 2008 has been provided in the „Report of the Management Board on Bank Zachodni WBK Group Performance in 2008“. The Management Board report is part of the Group's annual report and is announced along with this document.

10. Significant accounting policies applied in BZ WBK Group

Statement of compliance

Condensed interim consolidated financial statements of Bank Zachodni WBK Group for the period from 1 October 2008 to 31 December 2008 were prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and other applicable regulations.

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
Revised IAS 1 <i>Presentation of Financial Statements</i>	Changed some requirements for presentation of financial statements, introduced a requirement to disclose additional information in particular circumstances; this standard also makes changes to several other accounting standards	1 January 2009	Revised IAS 1 will not have a material impact of the financial statements.
Amendments to IFRS 2 <i>Share based payments</i>	The amendments introduce guidance on accounting for non-vesting conditions. Details were also provided on the definition of vesting conditions, how to account for non-vesting conditions and how to account for cancellations by the entity or the counterparty.	1 January 2009	Amendments to IFRS 2 will not have a material impact of the financial statements.

IFRS 3 (Revised) <i>Business Combinations</i>	The scope of the revised standard has been broadened (some business combinations excluded from the previous version of the standard have not been excluded from the scope of the revised IFRS 3). A definition of a business has been altered in order to be more precise. The definition of contingent liabilities capable of being recognised in the business combination has been narrowed. Transaction costs are no longer included in the cost of the combination. Rules of recognition of contingent consideration have been modified (to fair value measurement). Non-controlling (minority) interest may be measured at fair value.	1 July 2009	Revised IFRS 3 will not have a material impact of the financial statements.
IFRS 8 <i>Operating Segments</i>	The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.	1 January 2009	The Group has not yet completed its analysis of the impact of the amendments.
Revised IAS 1 <i>Presentation of Financial Statements</i>	The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income).	1 January 2009	Revised IAS 1 will not have a material impact of the financial statements.

Revised IAS 23 <i>Borrowing Costs</i>	The revised Standard will require the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.	1 January 2009	Revised IAS 23 will not have a material impact of the financial statements.
Amendments to IAS 27 <i>Consolidated and Separate Financial Statements</i>	In relation with the revised IFRS 3 (above), the changes introduced to IAS 27 include the following: <ul style="list-style-type: none"> • changed definition of non-controlling (minority) interest; • regulation of recognition and measurement of transactions with non-controlling interest while retaining control; • changed recognition and measurement of loss of control; • new disclosure requirements. 	1 July 2009	Amendments to IFRS 27 will not have a material impact of the financial statements.
Amendments to IAS 32: <i>Financial Instruments - Presentation</i> and IAS 1: <i>Presentation of Financial Statements</i> – Puttable Financial Instruments and Obligations Arising on Liquidation	The amendments provide an exemption to the principle otherwise applied in IAS 32 for the classification of some puttable financial instruments as equity. The amendments require certain financial instruments that represent a residual interest in the net assets of an entity, which would otherwise be classified as financial liabilities, to be classified as equity, if both the financial instrument and the capital structure of the issuing entity meet certain conditions.	1 January 2009	Amendments to IAS 32 will not have a material impact of the financial statements.
IFRIC Interpretation 13 <i>Customer Loyalty Programmes</i>	Eliminates the current inconsistencies in practice regarding the accounting treatment of free or discounted goods or services sold under customer loyalty programmes	1 January 2009	This IFRIC 13 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 Transfers of Assets from Customers	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.

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.

Fixed assets held for sale the Group measures at the lower of its carrying amount and fair value less cost to sell.

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

The accounting policies have been applied consistently by Group entities.

Accounting estimates and judgments

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.

Main estimates and judgments made by the Group

Loan impairment

The estimation of potential loan losses is inherently uncertain and depends upon many factors, including loan loss trends, portfolio grade profiles, economic climates, conditions in various industries to which BZWBK Group is exposed and other external factors such as legal and regulatory requirements. A provision is made against problem loans when, in the judgement of management, the estimated repayment realizable from the obligor, including the value of any security available, is likely to fall short of the amount of exposure outstanding on the obligor's loan or overdraft account. The amount of provision made in BZWBK Group's consolidated financial statements is intended to cover the difference between the assets' carrying value and the present value of estimated future cash flows discounted at the assets' original effective interest rates. The management process for the identification of loans requiring provision is underpinned by independent tiers of review. Credit quality and loan loss provisioning are independently monitored by head office personnel on a regular basis. A groupwide system for grading advances according to agreed credit criteria exists with an important objective being the timely identification of vulnerable loans so that remedial action can be taken at the earliest opportunity. Credit rating is fundamental to the determination of provisioning in BZWBK Group; it triggers the process which results

in the creation of provision on individual loans where there is doubt on recoverability. IBNR (Incurred But Not Reported) provisions are also maintained to cover loans, which are impaired at balance sheet date and, while not separately identified, are known from experience to be present in any portfolio of loans. IBNR provisions are maintained at levels that are deemed appropriate by management having considered: credit grading profiles and grading movements, historic loan loss rates, changes in credit management, procedures, processes and policies, economic climates, portfolio sector profiles/industry conditions and current estimates of loss in the portfolio. Estimates of loss are driven by the following key factors;

- PD-Probability of default i.e. the likelihood of a customer defaulting on its obligations over the next 12 months,
- LGD-Loss given default i.e. the fraction of the exposure amount that will be lost in the event of default, and
- EP-Emergence period i.e. estimated time between the occurrence of event of default and its identification by the Group

The rating systems have been internally developed and are continually being enhanced, e.g. externally benchmarked to help underpin the aforementioned factors which determine the estimates of expected 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 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 financial instruments

Some of the Group's financial instruments are carried at fair value, including all derivatives, other financial assets at fair value through profit or loss and financial investments available for sale. Financial instruments are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using financial-markets pricing models, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market parameters including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates. Most market parameters are either directly observable or are implied from instrument prices. The calculation of fair value for any financial instrument may require adjustment of quoted price or model value to reflect the cost of credit risk (where not embedded in underlying models or prices used).

Other accounting estimates and judgements

Provisions for employee benefits paid on termination of employment, i.e. post-employment benefits, are estimated on the basis of an actuarial valuation. The actuarial valuation of those accruals is updated at least on an annual basis.

Provisions for legal claims have been estimated considering the expected loss arising on individual cases.

Basis of consolidation

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 is presumed to exist when the Bank, directly or indirectly through subsidiaries, more than half of the voting power of an entity. 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.

Purchase method of accounting

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. However, during the reporting period there was no such acquisition as mentioned above

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement.

The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on an equity accounted basis.

Associates

Associates are those entities in which the Group has significant influence, but are not subsidiaries, neither joint ventures.

The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's

carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in the preparation of consolidated financial statements.

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, are translated at the foreign exchange rate ruling at the balance sheet date. 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. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on retranslation of available for sale equity instruments, which are recognised in the revaluation reserve.

Financial assets and financial liabilities

Classification

The Group 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;
- available-for-sale financial assets;
- other financial liabilities.

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.

- (a) Classified as held for trading. A financial asset or financial liability is classified as held for trading if:
 - (i) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - (ii) 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;
 - (iii) derivatives are held for trading unless the derivative is a designated and effective hedging instrument.

- (b) Upon initial recognition it is designated by the Group as at fair value through profit or loss. As at the balance sheet date the Group doesn't hold this category of financial instrument.

Held-to-maturity investments

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group's management has the positive intention and ability to hold to maturity. If the Group 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 Group would not utilise the held to maturity classification.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (a) those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
- (b) those that the entity upon initial recognition designates as available for sale; or
- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

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 and receivables due to reverse repo. Loans and receivables also include finance lease receivables..

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

Financial liabilities include financial liabilities not classified as those valued at fair value through profit and loss account. Those liabilities are valued at amortised cost and comprise: deposits from banks, deposits from customers, liabilities due to repo transactions and debt securities in issue.

Recognition

The Group recognises a financial asset or a financial liability on its balance sheet when, and only when, the entity becomes a party to the contractual provisions of the instrument.

A standardised purchase or sale transaction of a financial asset classified at fair value through profit or loss and available for sale are recognised in the balance sheet using settlement date accounting. The method is applied consistently for all purchases and sales of financial assets.

Loans are recognised in the balance sheet when cash is advanced to the borrowers. At the time of signing the loan agreement, the loans are recognised as off-balance sheet commitments.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the Group transfers the contractual rights to receive the cash flows in a transaction in which substantially all risk and rewards of ownership of the financial asset are transferred.

The Group removes a financial liability (or a part of a financial liability) from its balance sheet when, and only when, it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled or expires.

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. 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.

After initial recognition, the Group measures 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 are measured at amortised cost using the effective interest rate;
- (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.

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 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, is recognised directly 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 financial instruments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities) the Group 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 reviewed 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) a legally enforceable right to set off the recognised amounts
- (b) and when there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Repo and Reverse Repo

The Group also generates/invests funds by selling/purchasing financial instruments under repurchase/reverse repurchase agreements whereby the instruments must be repurchased/resold at the previously agreed price.

Securities sold subject to repurchase agreements ("repos") are not derecognised at the balance sheet date. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements.

Securities purchased subject to resale agreements ("reverse repos") are not recognised at the balance sheet date. The difference between purchase and resale price is treated as interest and accrued over the life of the agreements.

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 repackaging) or based on a valuation technique whose variables include only data from observable markets.

Certain derivative embedded in other financial instruments shall be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract and the host contract is not carried at fair value through profit or loss. Embedded derivatives are measured at fair value with changes recognised through the profit and loss account.

Hedge accounting

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 Group'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 Group 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.

The Group uses derivative financial instruments among others to hedge its exposure to interest rate risks arising from operational, financing and investment activities.

The Group discontinues hedge accounting when:

- (a) it is determined that a derivative is not, or has ceased to be, highly effective as a hedge;
- (b) the derivative expires, or is sold, terminated, or exercised;
- (c) the hedged item matures or is sold, or repaid.

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 or is an available-for-sale financial asset.

Cash flow hedge

This is a hedge of the exposure to variability in cash flows that:

- (a) is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and
- (b) could affect profit or loss.

A cash flow hedge is accounted for as follows: the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised directly in equity and the ineffective portion of the gain or loss on the hedging instrument shall be recognised in profit or loss.

Interest income and expenses from cash flow hedge instruments are recognised in profit & loss statement as net interest income.

Impairment of financial assets

Assets carried at amortised cost - loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets, or off-balance sheet commitments are impaired. A financial asset or a group of financial assets, or off-balance sheet commitments are 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;
- (a) a breach of contract, such as a default or delinquency in interest or principal payments;
- (c) the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group 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 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 or receivable 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.

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 Group 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 (those covered by commercial, property or local government rating classifications),
- with reference to the portfolio of credit exposures which individually are not significant.

With regard to impairment, the review of individual loan exposures is carried out once a quarter or more often, if needed. Impairment for the portfolio, which is assessed jointly, is verified monthly.

If the Group 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 Group are not included in a collective assessment of impairment.

For the purpose of the 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 Group's credit risk evaluation or the Group'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 Group 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 Group (Bank) carries out the impairment analysis based on the concept of losses already incurred but not yet reported and connected with loan impairment (IBNR – Incurred But Not Reported), which is estimated on the basis of the historical loss experience for loans with a similar risk profile, on the basis of estimated period between the occurrence of impairment and the identification as well as evidencing loss, and on the basis of historical data adjustments, as described above.

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 reversal shall not result in a carrying amount of the financial

asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

When a loan has been subject to a specific provision and the prospects of recovery do not improve, a time will come when it may be concluded that there is no real prospect of recovery. When this point is reached, the amount of the loan which is considered to be beyond the prospect of recovery is written off against the related provision for loan impairment. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

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. 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.

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, 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.

Held-to-maturity investments

If there is objective evidence of impairment of the held-to-maturity investments carried at amortised cost, the impairment loss is the difference between the balance sheet value of the asset and the present value of estimated future cash flows discounted using the original effective interest rate (i.e. the effective interest rate at the date of initial recognition). If the investment is a variable rate instrument, the discount rate used for estimation of impairment is the present effective interest rate set under the particular contract. The balance sheet value of the asset is reduced by the applicable provisions. The loss amount is reflected in the profit and loss account.

Off balance sheet liabilities

The Group creates provisions towards impairment risk-bearing irrevocable conditional liabilities (irrevocable credit lines, financial guarantees, Letter of Credits, etc). The value of the provision is determined as a difference between the estimated amount of available conditional exposure and the current value of expected future cash flows under this exposure. The provisions is reflected in other liabilities.

Finance lease receivables

Leases where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable at an amount equal to the net investment in the lease is recognised.

The recognition of finance lease income is based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Finance lease receivables are included in loans and advances to customers.

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 Group 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 expenditure

The Group 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 Group 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 |
| • vehicles | 4 years |

Depreciation rates are verified annually. On the basis of this verification, depreciation periods might be changed.

Fixed assets held for sale

On initial date of classification of non-current assets as assets held-for-sale, the Group measures them at the lower of its carrying amount and fair value less cost to sell.

Any initial or subsequent write-down of the asset held-for-sale to fair value less cost to sell are recognised in the profit and loss account.

Intangible assets

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 Group, 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 Group 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 particular intangible assets. The estimated useful lives are from 3 to 5 years.

Depreciation rates are verified annually. On the basis of this verification, depreciation periods might be changed.

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 financial liabilities held for trading, are stated at cost.

Impairment of assets other than financial assets

The carrying amounts of the Group's assets, other than financial 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.

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

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.

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.

Equity

Equity comprises capital and funds created in accordance with applicable law, acts and the Statute. 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.

The result of valuation of profit sharing scheme is included in reserve capital (IFRS 2.53). Revaluation reserve is comprised of adjustments relating to the valuation of available-for-sale financial assets and adjustments relating to the valuation of effective cash flow hedges taking into account deferred 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. The effects of the fair value changes are removed from the revaluation reserve with a corresponding change in the profit and loss account.

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.

Dividends

Dividends for particular year, which have been declared but not paid at the balance sheet date are recognised as dividend liabilities in "other liabilities" item.

Employee benefits

Short-term service benefits

The Group'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 Group'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 using actuarial valuation method. The valuation of those accruals is updated at least once a year.

The identifiable actuarial gains and losses include: retrospective adjustments to the actuarial assumptions being the difference between the previous actuarial assumptions and the actual occurrences and the effects of changes in the actuarial assumptions.

Profit Sharing Scheme

BZWBK Group has recognized in the consolidated financial statements a liability resulting from a profit sharing scheme granted to employees of selected subsidiaries in accordance with other long term employee benefits as described in IAS 19. The scheme, formally based on issue of shares that are purchased by entitled employees of subsidiaries, has characteristics of a long term profit sharing scheme (not share based payments), as all shares issued under the scheme are subjected to conditional obligation to dispose shares at a price different from the fair value of shares. Resulting from the classification of the scheme BZWBK Group recognized a liability in its financial statements in an amount of estimated present value of expected future pay-outs considering a relevant service period in correspondence with employee related expenses. Pay-outs under the scheme are not recognized as net profit appropriation.

Share based payments

BZWBK Group operates a share based compensation plan. For grants of share based payments after 7 November 2002 (IFRS 2.53), 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 Group 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.

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 Group 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.

In case impairment is recognized for a financial asset, interest income is accrued based on the carrying amount of receivable (this is the value reduced by revaluation charge) with the use of the interest rate according to which future cash flows were discounted for impairment valuation.

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 in accordance with accrual method. Net commission income from FX transactions in the branch network includes elements of revaluation.

Net trading income and revaluation

Net trading income and revaluation includes all profits and losses resulting from changes in fair value of financial assets and liabilities classified as held for trading that are measured at fair value through profit and loss. Interest costs and incomes related to the above mentioned instruments are also included in the trading result.

Dividend income

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

Profit on disposal of subsidiaries, associates and joint ventures

Profit on the sale of interests in subsidiaries is set as a difference between the net asset value and their sale price.

Profit on the sale of interests in associates and joint ventures is set as a difference between the carrying amount and their sale price.

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 Group. 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 is allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Corporate income tax

Corporate income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

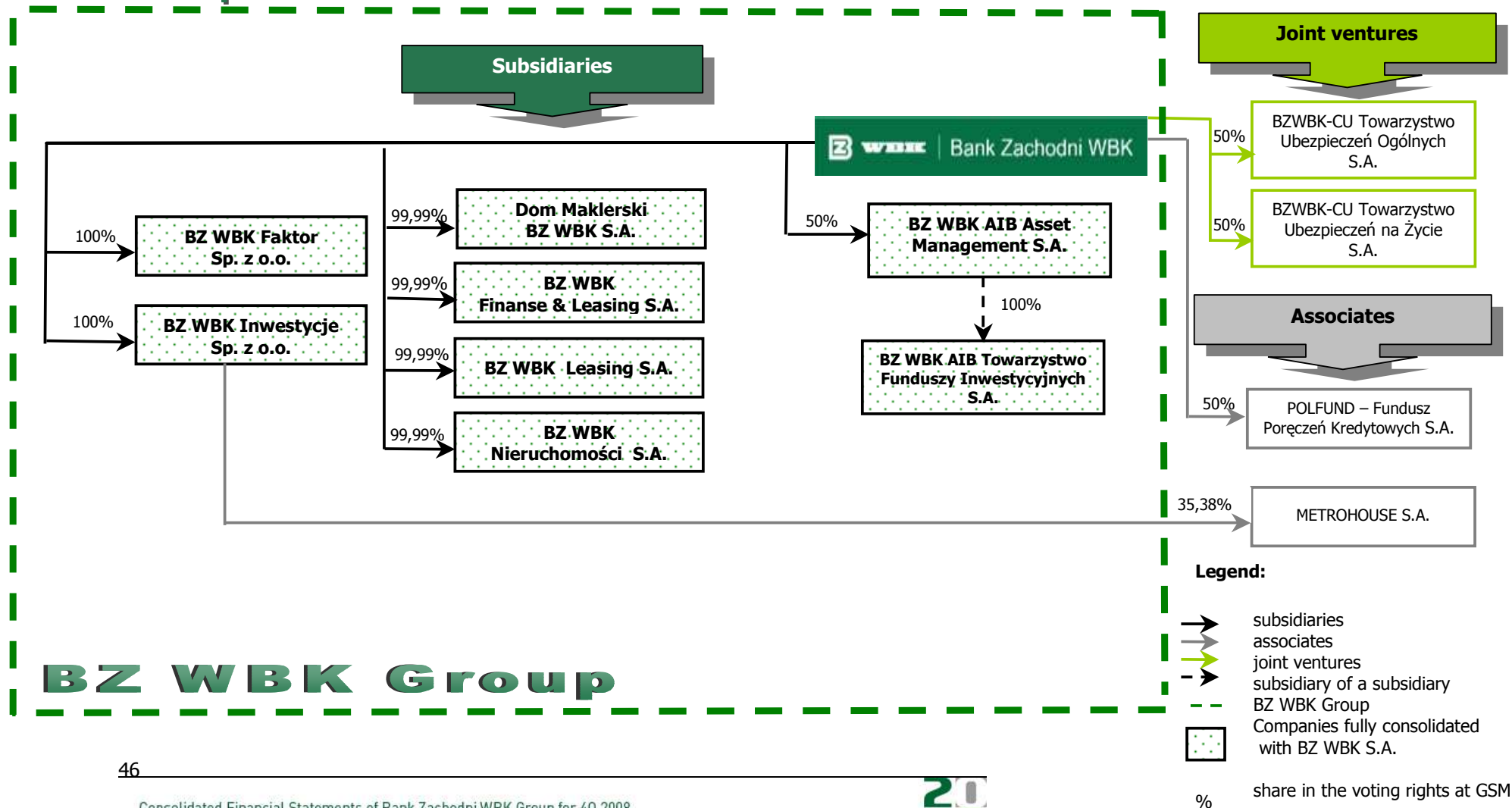
Deferred income tax is provided, using the balance sheet method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is determined using tax rates based on legislation enacted or substantively enacted at the balance sheet date and expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the temporary differences will be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

11. Description of organization of BZ WBK Group

Graphical representation of the Group's organization structure and information about types of connection within the Group.

Companies connected with Bank Zachodni WBK S.A.



Pursuant to IAS 27, the following subsidiary undertakings were fully consolidated in the financial statements of Bank Zachodni WBK for 4Q 2008:

- BZ WBK Inwestycje Sp. z o.o.
- BZ WBK Faktor Sp. z o.o.
- Dom Maklerski BZ WBK S.A.
- BZ WBK Finanse & Leasing S.A.
- BZ WBK Leasing S.A.
- BZ WBK AIB Asset Management S.A.
- BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. – subsidiary of BZ WBK Asset Management S.A.
- BZ WBK Nieruchomości 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.

Pursuant to IAS 28, as at 31 December 2008, associated undertaking POLFUND – Fundusz Poręczeń Kredytowych S.A. and two jointly controlled entities: BZ WBK - CU Towarzystwo Ubezpieczeń Ogólnych S.A. and BZ WBK - CU Towarzystwo Ubezpieczeń na Życie S.A. were accounted for using the equity method.

In July 2008, BZWBK subsidiary - BZ WBK Inwestycje Sp. z o.o. purchased shares of Metrohouse S.A. The purchase price was 4 600 000.00 PLN, number of shares- 2 300 000 i.e. 35.38 % of Metrohouse share capital.

The company was classified as an associate therefore is accounted for using the equity method.

It is involved in selling and purchasing real estate, mediating in the real property trade as well as serving financial consultancy.

Bank Zachodni WBK S.A. made a transaction of partial disposal of NFI Magna Polonia shares. Shares representing 22.47% of votes at the AGM of NFI Magna Polonia were sold, whereas the rest (5.06%) is recognized as investment securities.

On 12.06.2008, an agreement was made between Bank Zachodni WBK S.A. and Commercial Union Polska sp. z o.o. with its registered seat in Warsaw regarding the sale of shareholding in Brytyjsko-Polskie Towarzystwo Finansowe WBK CU sp. z o.o. seated in Poznań. Under the agreement, Bank Zachodni WBK SA sold all its 420 shares of Brytyjsko-Polskie Towarzystwo Finansowe WBK-CU Sp. z o.o. of total nominal value at PLN 210 000, which represented 60% of the share capital.

12. Related party disclosures

All relevant information is disclosed in consolidated financial for year 2008.

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

The business activity of Bank Zachodni WBK S.A. and its subsidiary undertakings has no seasonal character.

14. Character and amounts of items which are extraordinary due to their nature, volume or occurrence

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

15. Issue, redemption or repayment of debt or equity instruments

In 4Q 2008, Bank Zachodni and any of its subsidiary did not issue bonds or other own debt securities.

Bank Zachodni WBK S.A made a repayment of 5-year bonds – 5S1008, 5S1108 and 5S1208 of total nominal value PLN 78 919 k. BZWBK Leasing S.A. made a repayment of 3-year bonds - 3S1008, 3-year bonds - 3S1108 of total nominal value PLN 27 116 k with the final redemption date of 06.10.2008 and 17.11.2008 respectively.

At the end of 4Q 2008, the total value of obligations with respect to the issue of own bonds by Bank Zachodni WBK S.A., BZWBK Leasing S.A. and BZWBK Finanse & Leasing S.A. amounted to PLN 150 005 k (nominal value).

In 4Q 2007, Bank Zachodni WBK S.A. and subsidiaries did not issue bonds or other own debt securities.

BZWBK Finanse & Leasing S.A. made a repayment of 3-year bonds – 3S1007, 3-year bonds – 3S1107 and 3-year bonds – 3S11A07 of total nominal value PLN 50 245 k with the final redemption date of 04.10.2007, 04.11.2007 and 04.11.2007, respectively.

At the end of 4Q 2007, the total value of obligations with respect to the issue of own bonds by Bank Zachodni WBK S.A., BZWBK Leasing S.A. and BZWBK Finanse & Leasing S.A. amounted to PLN 328 352 k (nominal value).

16. Dividend information

Bank Zachodni WBK S.A. is not going to pay a dividend out of its income generated in 2008.

The Management Board allocated to dividends 27.04% of BZWBK net profit of 2007 (i.e. 22.93% of consolidated net profit attributable to the Company's equity holders) of PLN 218 880 852 i.e. PLN 3.00 per one share. Outstanding profit of PLN 590 593 185.45 was allocated to other reserve capital.

17. Income and profits by business segments

BZ WBK Capital Group's operating activities have been divided into four business segments: Branch and Corporate operations, Treasury operations, Investment Banking and Leasing operations.

- Activity of the Branch and Corporate operations Segment comprises branch network operations, Corporate Banking and the related internet distribution of services and products.
- Activity of the Treasury Operations Segment comprises foreign exchange and interbank transactions as well as transactions in derivative instruments and debt securities.
- Activity of the Investment Banking Segment includes capital market investments of Bank Zachodni WBK S.A., asset management and brokerage operations.
- Leasing Operations Segment centralizes the Group's leasing activity.

Income and costs of the individual segment mean income and costs earned/incurred on sales to external clients or on transactions with other segments of the Group. They are disclosed in the P&L account and can be allocated to a particular business segment on a rational basis.

The segment's assets and liabilities are operational assets and liabilities used by that segment in its operating activities. Some rational assumptions are made in allocation assets and liabilities to a particular business segments.

Allocations of internal income and expenses were taken into account in determining the profitability of individual segments. Transfer pricing between the segments are designed to reflect market prices. Operating costs and income are appropriately allocated to a relevant segment. Costs and income, which cannot be rationally assigned, are stated in "unallocated costs" and "unallocated income".

BZ WBK Group operates exclusively in the territory of Poland and no significant differences in risk were identified as regards the geographical location of its outlets. Therefore, the issuer did not present financial statements with a breakdown into geographical segment.

Consolidated income statement (by business segments)

31.12.2008	Branch and Corporate operations	Treasury operations	Investment banking	Leasing operations	Eliminations	Total
1. Total segments income	4 498 257	664 230	697 681	254 450	(1 097 068)	5 017 550
Segments income (external)	3 880 751	263 454	621 699	251 646		5 017 550
Segments income (internal)	617 506	400 776	75 982	2 804	(1 097 068)	-
2. Total segments costs	(3 387 819)	(529 376)	(372 891)	(198 383)	1 097 068	(3 391 401)
Segments costs (external)	(2 909 303)	(50 297)	(269 953)	(161 848)		(3 391 401)
Segments costs (internal)	(478 516)	(479 079)	(102 938)	(36 535)	1 097 068	-
3. Dividend income	-	-	70 306	-	-	70 306
4. Movements in provisions	(352 746)	-	-	(11 805)	-	(364 551)
5. Segments income on investment in associates and joint ventures	-	-	(777)	-	-	(777)
6. Segments gross profit	757 692	134 854	394 319	44 262	-	1 331 127
7. Unallocated income						-
8. Unallocated costs						(120 547)
9. EBT						1 210 580
10. Income tax						(256 294)
11. Minority interest						(98 840)
12. Profit for the period						855 446

Consolidated income statement (by business segments)

31.12.2007	Branch and Corporate operations	Treasury operations	Investment banking	Leasing operations	Eliminations	Total
1. Total segments income	3 227 569	636 789	1 039 042	168 114	(1 091 300)	3 980 214
Segments income (external)	2 588 575	259 515	965 617	166 507		3 980 214
Segments income (internal)	638 994	377 274	73 425	1 607	(1 091 300)	-
2. Total segments costs	(2 478 318)	(496 392)	(524 613)	(127 954)	1 091 300	(2 535 977)
Segments costs (external)	(2 028 110)	(44 095)	(352 033)	(111 739)		(2 535 977)
Segments costs (internal)	(450 208)	(452 297)	(172 580)	(16 215)	1 091 300	-
3. Dividend income	-	-	64 746	-	-	64 746
4. Movements in provisions	470	-	-	(4 406)	-	(3 936)
5. Segments income on investment in associates	-	-	194	-	-	194
6. Segments gross profit	749 721	140 397	579 369	35 754	-	1 505 241
7. Unallocated income						-
8. Unallocated costs						(113 797)
9. EBT						1 391 444
10. Income tax						(280 767)
11. Minority interest						(155 982)
12. Profit for the period						954 695

18. Acquisitions and disposals of investments in 4Q 2008

No significant changes in the group structure (mergers, acquisitions and disposals of investments) occurred in the BZ WBK Group during the 4Q 2008.

19. Changes to the contingent liabilities or assets

Off balance sheet liabilities

The Group has commitments to deliver loans. These commitments include loans sanctioned, credit card limits and overdrafts. The Group 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	31.12.2008	30.09.2008	Movement
Liabilities sanctioned	10 430 471	10 558 181	(127 710)
- financial	9 528 754	9 507 359	21 395
- import letters of credit	8 406 859	8 599 186	(192 327)
- credit lines	879 874	833 234	46 640
- credit cards debits	182 000	14 625	167 375
- term deposits with future commencement term	60 021	60 314	(293)
- guarantees	901 717	1 050 822	(149 105)
Received liabilities	2 495 217	2 908 059	(412 842)
Total	12 925 688	13 466 240	(540 552)

As at 31.12.2008 the Bank received/sanctioned guarantees of PLN 100 549 k (as at 30.09.2008 – PLN 218 498 k) to following subsidiary undertakings: BZ WBK Finanse & Leasing S.A., BZ WBK Leasing SA, Dom Maklerski BZWBK SA, BZWBK TFI S.A. and BZWBK Nieruchomości S.A. and credit lines of PLN 1 111 020 k (as at 30.09.2008 – PLN 1 401 487 k) to BZ WBK Finanse & Leasing S.A., BZ WBK Leasing SA, Dom Maklerski BZWBK SA, BZWBK Faktor Sp. z o.o. and BZ WBK Inwestycje Sp. z o.o. They were eliminated as intragroup transactions.

The most common forms of guarantee are: payment guarantee, performance bond, bid bond, advance payment guarantee, loan repayment guarantee, customs guarantee.

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	31.12.2008	30.09.2008	Movement
1. Term derivatives (hedging)	2 704 674	2 258 304	446 370
a) Single-currency interest rate swaps	1 854 674	1 958 304	(103 630)
b) Macro cash flow hedge	850 000	300 000	550 000
2. Term derivatives (trading)	139 222 595	162 107 926	(22 885 331)
a) Interest rate operations	91 494 888	115 126 582	(23 631 694)
- Single-currency IRS	47 134 667	59 181 110	(12 046 443)
- FRA	44 350 000	55 937 080	(11 587 080)
- Options	10 221	8 392	1 829
b) FX operations	47 727 707	46 981 344	746 363
- FX swap – purchased amounts	14 425 872	13 319 833	1 106 039
- FX swap – sold amounts	14 983 627	13 296 126	1 687 501
- Forward- purchased amounts	3 696 166	3 289 635	406 531
- Forward- sold amounts	3 538 979	3 311 399	227 580
- Double-currency interest rate swaps – purchased amounts	2 500 262	2 992 951	(492 689)
- Double-currency interest rate swaps – sold amounts	2 849 197	2 828 921	20 276
- FX options -purchased	2 866 802	3 970 868	(1 104 066)
- FX options -sold	2 866 802	3 971 611	(1 104 809)
3. Currency transactions- spot	957 290	1 426 614	(469 324)
- spot-purchased	478 844	713 119	(234 275)
- spot-sold	478 446	713 495	(235 049)
4. Transactions on equity instruments	928	13 128	(12 200)
- Futures	928	13 128	(12 200)
Total	142 885 487	165 805 972	(22 920 485)

20. Principles of PLN conversion into EUR

Selected financial figures for 4Q 2008 and 4Q 2007 were converted according to the following principles:

- balance sheet data – 4.1724 as at 31.12.2008 and 3.5820 as at 31.12.2007; EUR/PLN rate current at the balance sheet date and announced by the National Bank of Poland
- items of profit and loss account - according to the exchange rate EUR/PLN announced by the National Bank of Poland and calculated as an arithmetic mean of the rates from the last day of each month of particular year– as at 31.12.2008 – 3.5321, as at 31.12.2007 – 3.7768.

21. 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 4Q 2008 /02.03.2009/ 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 02.03.2009				
AIB European Investments Limited	51 413 790	70,5 %	51 413 790	70,5 %
As at 06.11.2008				
AIB European Investments Limited	51 413 790	70.5 %	51 413 790	70.5 %

22. Changes in shareholding of members of the Management and Supervisory Boards

	No. of Bank Zachodni WBK shares held		Change
	As at 02.03.2009	As at 06.11.2008	
Members of the Supervisory Board	278	278	-

Table below presents personal shareholding of Supervisory and Management Board Members as at 2nd March 2009:

Owner	No. of shares
Supervisory Board	
Waldemar Frąckowiak	278

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

23. Information about the commenced court proceedings

As at 31 December 2008 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 245 807 k, which is ca. 4.73% of Group's equity. This amount includes PLN 54 896 k claimed by the Bank, PLN 55 511 k in claims against the Bank and PLN 135 400 k are Bank's receivables due to bankruptcy or arrangement cases.

As at 31 December 2007 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 totals PLN 282 843 k, which is ca. 6.51% of Group's equity. This amount includes PLN 56 665 k claimed by the Bank, PLN 64 309 k in claims against the Bank and PLN 161 869 k are Bank's receivables due to bankruptcy or arrangement cases.

24. Information concerning issuing loan and guarantees by an issuer or its subsidiary

As at 31 December 2008 Bank Zachodni WBK S.A. and its subsidiaries had not issued any guarantees to one business unit or a subsidiary totalling a minimum of 10% of issuer's equity.

25. Events which might affect financial performance over the next quarter

The most important factors, which may affect financial results of the bank in future are:

- sustained volatility across financial markets, despite some improvement, affecting the availability and cost of funding, particularly in foreign currencies, which will have a negative impact on the banks' credit policies and the outlook for both personal and business lending;
- negative GDP growth abroad, particularly in the highly-developed EU states, leading to a decrease in exports, production, investments and employment in Poland and further economic slowdown;
- further interest rate cuts by the Polish Monetary Policy Council due to the substantial deterioration of the economic activity ratios and the fall in inflation as interest rates are reduced in other countries;
- continued relatively high risk aversion and the prolonged downturn in the stock markets that might potentially sustain the negative balance of purchases and redemptions of mutual fund units and keep customers inclined to hold their savings on bank deposits, despite the falling interest rates.

26. Events which occurred after the balance sheet date

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 took up 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 took up 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.

Additional on 23 February 2009 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.

The above shares represent the Bank's non-cash contribution to the BZWBK Finance capital with a total value of PLN 67 457 169,29 in return for which the Bank at the registration of the share capital increase will take up 11 436 new shares in the increased share capital of BZ WBK Finance.

Change in the composition of Bank Zachodni WBK Management Board since 01.02.2009

On 1 February 2009 Michael McCarthy will take up his role as BZWBK Management Board Member in charge of the Business Banking Division, having been appointed by the Supervisory Board on 16 December 2008.

Fitch Downgrades Poland's Bank Zachodni WBK's Long-term IDR to 'BBB+'; Outlook Stable

In its announcement of 15 January 2009, the agency affirmed the bank's individual rating "C" (adequate bank), downgraded its Long-term Issuer Default rating (IDR) from "A+" to "BBB+" and Short-term IDR from "F1" to "F2". The outlook on the Long-term IDR was assessed as stable. The agency has simultaneously downgraded BZ WBK's Support Rating to '2' from '1'.

Fitch Changes Bank Zachodni WBK's Outlook to Negative; Downgrades Support to '3'

On 13 February 2009 Fitch Ratings has revised Poland-based Bank Zachodni WBK's Outlook to Negative from Stable. The Support Rating was downgraded to '3' from '2'. These rating actions follow downgrade of its controlling shareholder, Allied Irish Banks' Individual rating to 'D' from 'C'. BZ WBK's other ratings were affirmed.

Change in foreign exchange rates

Subsequent to year end there has been a significant depreciation of Polish zloty against other major currencies:
 from PLN 4.1724 /EUR on 31.12.2008 to PLN 4.6780 /EUR on 24.02.2009
 from PLN 2.9618 /CHF on 31.12.2008 to PLN 3.1657 /CHF on 24.02.2009
 from PLN 2.8014 /USD on 31.12.2008 to PLN 3.6602 /USD on 24.02.2009

This movement in exchange rates may have significant effect on the values and risk profiles of foreign currency assets, liabilities and off balance sheet financial instruments.

Authorisation for issue of financial statements

The consolidated financial statements were authorized for issue on 24th of February 2009 by the Management Board of Bank Zachodni WBK S.A. The financial statements will be approved by the shareholders at their annual general meeting.

SIGNATURES OF THE PERSONS REPRESENTING THE ENTITY			
Date	Name	Function	Signature
24-02-2009	Paul Barry	Member of the Management Board	
24-02-2009	Wojciech Skalski	Financial Accounting Area Director	