



Bank Zachodni WBK S.A.

Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2008

KPMG Audyt Sp. z o.o.
The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 12 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the unconsolidated financial statements
for the financial year ended
31 December 2008

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

OPINION OF THE INDEPENDENT AUDITOR

To the General Shareholders' Meeting of Bank Zachodni WBK S.A.

We have audited the accompanying unconsolidated financial statements of Bank Zachodni WBK S.A. seated in Wrocław, ul. Rynek 9/11, 50-950 Wrocław ("the Bank"), which comprise the balance sheet as at 31 December 2008, with total assets of and total liabilities and equity of PLN 55,210,084 thousand, the profit and loss account for the year then ended with a profit for the period of PLN 809,165 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 569,789 thousand, the cash flow statement for the year then ended with an increase in cash amounting to PLN 964,880 thousand, and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility, based on our audit, is to express an opinion on these unconsolidated financial statements, and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) ("the Accounting Act"), the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying unconsolidated financial statements of Bank Zachodni WBK S.A. have been prepared and present fairly in all material respects the financial position of the Bank as at 31 December 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Bank's Statute that apply to the Bank's unconsolidated financial statements and have been prepared from accounting records that in all material respects have been properly maintained.

Other Matters

As required under the Accounting Act we also report that the Report on the Bank's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated [19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744)] and the information is consistent with the unconsolidated financial statements.

Signed on the Polish original

.....
 Certified Auditor No. 11154/7995
 Ewa Józwik

Signed on the Polish original

.....
 For KPMG Audyt Sp. z o.o.
 ul. Chłodna 51; 00-867 Warsaw
 Certified Auditor No. 9941/7390
 Bożena Graczyk
 Member of the Management Board

Signed on the Polish original

.....
 For KPMG Audyt Sp. z o.o.
 ul. Chłodna 51; 00-867 Warsaw
 Richard Cysarz, Member of the
 Management Board

24 February 2009
 Warsaw, Poland

Bank Zachodni WBK S.A.

Report supplementing
the auditor's opinion
on the unconsolidated
financial statements
Financial Year ended
31 December 2008

KPMG Audyt Sp. z o.o.
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1 General

1.1 General information about the Bank

1.1.1 Company name

Bank Zachodni WBK S.A.

1.1.2 Registered office

ul. Rynek 9/11
50-950 Wrocław

1.1.3 Registration in the National Court Register

Registration court: District Court in Wrocław, VI Commercial Department of the
National Court Register
Date: 27.04.2001
Registration number: KRS 0000008723

1.1.4 Tax Office and Provincial Statistical Office registration

NIP number: 896-000-56-73
REGON: 930041341

1.2 Auditor information

Name: KPMG Audyt Sp. z o.o.
Registered office: Warsaw,
Address: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000104753
Registration court: District Court for the Capital City Warsaw in Warsaw,
XII Commercial Department of the National Court Register;
Share capital: PLN 125,000
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 458.

1.3 Legal status

1.3.1 Share capital

Bank Zachodni WBK S.A. seated in Wrocław was established in result of Bank Zachodni S.A. and Wielkopolski Bank Kredytowy S.A. merger on 13 June 2001 for an indefinite period on the basis of Commission for Banking Supervision's resolution no. 30/KNB/01 from 7th March 2001.

The share capital of the Bank amounted to PLN 729,602,840 thousand as at 31 December 2008 divided into 72,960,284 ordinary shares with a nominal value of PLN 10 each.

As at 31 December 2008, the shareholder structure was as follows:

Name of the Shareholder	Number of shares	Voting rights (%)	Nominal value of shares PLN '000	Percentage of share capital (%)
AIB European Investments Limited	51 413 790	70.5%	514 138	70.5%
Others	21 546 494	29.5%	215 465	29.5%
	72 960 284	100.0%	729 603	100.0%

1.3.2 Related parties

The Bank is a member of the Bank Zachodni WBK S.A.Group.

1.3.3 Management of the Company

The Management Board is responsible for management of the Bank.

At 31 December 2008, the Management Board of the Bank comprised the following members:

- Mateusz Morawiecki – President of the Management Board;
- Paul Barry – Member of the Management Board;
- Andrzej Burliga – Member of the Management Board;
- Declan Flynn – Member of the Management Board;
- Justyn Konieczny – Member of the Management Board;
- Janusz Krawczyk – Member of the Management Board;
- Jacek Marcinowski – Member of the Management Board;
- Marcin Prell – Member of the Management Board;
- Mirosław Skiba – Member of the Management Board;
- Feliks Szyszkowski – Member of the Management Board.

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

- On 30 April 2008 Mr. Michał Gajewski resigned from the function of Management Board Member responsible for Customer and Relationship Sales Division effective from that date;
- On 22 July Mr. Mirosław Skiba was appointed to take up position as the Management Board Member responsible for Customer and Relationship Sales Division effective from that date;
- On 30 September 2008 Mr. James Murphy completed his term as Management Board Member in charge of Finance Division;
- On 12 June 2008 Mr. Paul Barry was appointed to take up position as the Management Board Member in charge of Finance Division effective from 1 October 2008.

On 16 December 2008 Mr. Michael McCarthy was appointed for the position of the Management Board Member in charge of Business Banking Division effective from 1 February 2009.

1.3.4 Scope of activities

The business activities listed in the Bank's Statute include the following:

- receiving and maintaining current and term deposits, including accepting and placing cash deposits in domestic and foreign banks,
- maintaining other bank accounts,
- granting loans,
- granting and confirming guarantees and letters of credit,
- issuing banking securities,
- performing cash settlements,
- issue of electronic money instrument,
- granting cash advances,
- performing cheque and bill of exchange operations,
- issuing payment cards and processing card operations,
- performing term financial operations,
- trading in receivables,
- safekeeping of goods and securities as well as providing access to safe deposit-boxes,
- agency services in making money transfers and settlements in foreign currency payments,
- granting civil law guarantees,
- performing operations related to the issue of securities,
- acting as the representative of bond holders,
- purchase and sale of foreign exchange values.

Additionally the Bank is illegible to perform the following activities:

- acquiring shares, rights from shares and participations of another corporate entity and contributions to limited partnerships or limited joint stock partnerships, or units and investment certificates in investment funds; making contributions to limited liability companies within the limits specified by the Banking Law,
- incurring liabilities related to the issue of securities,
- trading in securities on Bank's own account or on other parties' account,
- exchanging debts for debtor's assets,
- acquiring and disposing of real estates and debts secured by a mortgage,
- providing consultancy and advisory services in relation to financial matters,
- providing certification services in line with regulations on an electronic signature, excluding qualified certificates,
- providing other financial services,
- selling pension funds,
- acting as a depositary under the definition of organization and functioning of pension funds act,
- acting as a depositary under the definition of investment funds act,
- insurance brokerage and acting as sales agent of leasing, factoring, forfeiting and franchising products.

Additionally the Bank may perform the above activities on the instruction of another entity if these activities are performed by the instructing entity. In accordance with Bank's strategy, it may also cooperate with the domestic, foreign and international banks and financial institutions and perform services of transportation of goods.

1.4 Prior period financial statements

The unconsolidated financial statements for the period ended 31 December 2007 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The unconsolidated financial statements were approved at the General Shareholders' Meeting on 18 April 2008 where it was resolved to allocate the profit for the prior financial year of 809,474 ths as follows:

- PLN 218,881 thousand – write-off for dividend;
- PLN 590,593 thousand – reserve capital.

The closing balances as at 31 December 2007 have been properly recorded as the opening balances of the audited year.

The unconsolidated financial statements were submitted to the Registry Court on 28 April 2008 and were published in Monitor Polski B No. 1030 on 29 July 2008.

1.5 Audit scope and responsibilities

This report was prepared for the General Shareholders' Meeting of Bank Zachodni WBK S.A. seated in Wrocław, ul. Rynek 9/11, 50-950 Wrocław and relates to the unconsolidated financial statements comprising: the balance sheet as at 31 December 2008 with total assets and total liabilities and equity of PLN 55,210,084 thousand, the profit and loss account for the year then ended with a profit for the period of PLN 809,165 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 569,789 thousand, the cash flow statement for the year then ended with an increase in cash amounting to PLN 964,880 thousand and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

The audited Bank prepares its unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Shareholders' Meeting dated 17 December 2004.

The unconsolidated financial statements have been audited in accordance with the contract dated 21 October 2008, concluded on the basis of the resolution of Supervisory Board of Bank Zachodni WBK S.A. dated 10 June 2008 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing.

We have conducted the audit in the Bank's head office and branches during the period from 15 October 2008 to 24 February 2009.

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of the unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with other applicable regulations.

Management of the Bank and members of the Supervisory Board are obliged to ensure that the unconsolidated financial statements and the Report on the Bank's activities are in compliance with the requirements set forth in the Accounting Act.

TRANSLATION

Our responsibility is to express an opinion, and to prepare a report supplementing the auditor's opinion, on the unconsolidated financial statements, and whether the unconsolidated financial statements are derived from properly maintained accounting records, based on our audit.

The Management Board of the Bank submitted a representation letter, dated the same date as this report, as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no unrecognised matters which could significantly influence the information presented in the consolidated financial statements.

All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of the unconsolidated financial statements of the Bank fulfill independence requirements. The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.

2 Financial analysis of the Bank

2.1 Summary of the unconsolidated financial statements

2.1.1 Balance sheet

ASSETS	31.12.2008	% of total	31.12.2007	% of total
	PLN '000		PLN '000	
Cash and balances with central bank	3 178 099	5.8	2 206 259	5.6
Loans and advances to banks	1 347 832	2.4	2 563 755	6.5
Financial assets held for trading	3 222 357	5.8	1 142 060	2.9
Hedging derivatives	347	0.0	35 850	0.1
Loans and advances to customers	32 654 263	59.2	22 150 633	56.5
Investment securities	12 894 385	23.4	9 698 307	24.8
Investment in subsidiaries, associates and joint ventures	234 225	0.4	155 967	0.4
Intangible assets	155 459	0.3	102 906	0.3
Property, plant & equipment	618 705	1.1	528 027	1.4
Current income tax due	-	-	37 950	0.1
Deferred tax assets	567 169	1.0	312 700	0.8
Other assets	337 243	0.6	247 490	0.6
TOTAL ASSETS	55 210 084	100.0	39 181 904	100.0

EQUITY AND LIABILITIES	31.12.2008	% of total	31.12.2007	% of total
	PLN '000		PLN '000	
Liabilities				
Deposits from central bank	1 242 574	2.3	-	-
Deposits from banks	1 957 609	3.6	3 145 395	8.0
Hedging derivatives	68 562	0.1	2 054	0.0
Financial liabilities held for trading	3 253 289	5.9	994 187	2.5
Deposits from customers	43 381 905	78.6	30 264 734	77.2
Debt securities in issue	-	-	99 348	0.3
Current income tax liabilities	10 971	0.0	-	-
Deferred tax liabilities	399 028	0.7	188 620	0.5
Other liabilities	475 588	0.9	636 797	1.6
Total liabilities	50 789 526	92.0	35 331 135	90.2
Equity				
Share capital	729 603	1.3	729 603	1.9
Other reserve funds	2 543 577	4.6	1 951 251	5.0
Revaluation reserve	338 213	0.6	360 441	0.9
Profit of the current period	809 165	1.5	809 474	2.1
Total equity	4 420 558	8.0	3 850 769	9.8
TOTAL LIABILITIES AND EQUITY	55 210 084	100.0	39 181 904	100.0

2.1.2 Profit and loss account

	1.01.2008 - 31.12.2008	1.01.2007 - 31.12.2007
	PLN '000	PLN '000
Interest and similar income	3 017 121	1 957 840
Interest expense and similar charges	(1 525 654)	(775 402)
Net interest income	1 491 467	1 182 438
Fee and commission income	1 111 474	1 000 083
Fee and commission expense	(121 477)	(81 502)
Net fee and commission income	989 997	918 581
Dividend income	218 331	177 978
Net trading income and revaluation	29 488	52 271
Gains (losses) from other financial securities	55 890	(25 784)
Net gains on sale of subsidiaries and associates	226	12 735
Other operating income	54 283	38 459
Impairment losses on loans and advances	(351 889)	565
Bank's staff, & general expenses	(1 386 807)	(1 224 905)
Depreciation / Amortization	(97 611)	(127 264)
Other operating expenses	(15 942)	(26 044)
Operating profit	987 433	979 030
Profit before tax	987 433	979 030
Corporate income tax	(178 268)	(169 556)
Net profit	809 165	809 474
Basic earnings per share (PLN)	11.09	11.09
Diluted earnings per share (PLN)	11.05	11.07

2.2 Selected financial ratios

	2008	2007	2006
Total assets (PLN '000)	55 210 084	39 181 904	31 333 018
Profit before tax (PLN '000)	987 433	979 030	745 162
Profit for the period (PLN '000)	809 165	809 474	592 795
Shareholders' equity * (PLN '000)	3 611 393	3 041 295	3 020 449
Return on equity (PLN '000)	22.4%	26.6%	19.6%
Capital adequacy ratio (PLN '000)	9.8%	11.4%	13.8%
Net receivables to total assets (PLN '000)	61.6%	63.1%	61.7%
Income generating assets to total assets (PLN '000)	97.0%	96.8%	96.0%
Interest bearing liabilities to total liabilities (PLN '000)	90.3%	88.1%	85.5%

* excluding current-year net profit

2.3 Interpretation of selected financial ratios

In comparison to prior year total assets of Bank increased by PLN 16,028,180 thousand or 40.9%. The largest increase in assets was noted in loans and advances to customers, which increased by PLN 10,503,630 thousand or 47.4% and in investment securities, which increased by PLN 3,196,078 thousand or 33.0%. On the liabilities side main increase was deposits from customers, which increased by PLN 13,117,171 thousand or 43.3% and financial liabilities held for trading, which increased by PLN 2,259,102 thousand or 227.2%.

Profit before tax for the year 2008 increased in comparison to prior year by PLN 8,403 thousand or 0.9% and amounted to PLN 987,433 thousand. Main factors of this change were increases of net interest income by PLN 309,029 thousand or 26.1%, net fee and commission income by PLN 71,416 thousand or 7.8%, and an increase in Bank's staff & general expenses by PLN 161,902 thousand or 13.2% and additionally increase of impairment losses on loans by PLN 352,454 thousand.

3 Detailed report

3.1 Appropriateness of the accounting system

The Bank maintains current documentation describing the applied accounting principles, adopted by the Management Board, to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the appropriateness of the operation of accounting system. Our assessment covered in particular:

- appropriateness and consistency of the accounting principles used,
- correctness of the documentation of business transactions,
- fairness, accuracy and verifiability of the books of account, including the matching of accounting entries with supporting documentation and the financial statements,
- compliance of the adopted policies relating to safeguarding of accounting records, books of account and the financial statements with the Accounting Act.

On the basis of the work performed we have not identified material irregularities in the accounting system, which have not been corrected and that could have a material impact on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

3.2 Verification of assets and liabilities

The Bank performed a verification of assets and liabilities and in accordance with the requirements and time frame specified in Art. No. 26 of the Accounting Act.

Count differences have been recorded in the period covered by the unconsolidated financial statements.

3.3 Compliance with banking regulations

Based on our audit we have not identified any significant deviations in the bank's compliance with the banking regulatory norms pertaining among other to loan concentration, obligatory reserve and capital adequacy ratio.

3.4 Audit materiality

We have planned and applied an appropriate level of precision in conducting our audit procedures in order to obtain reasonable assurance about whether the unconsolidated financial statements taken as a whole are free of material misstatements.

3.5 Notes to the financial statements

All information included in the notes to the unconsolidated financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the financial statements taken as a whole.

3.6 Report on the Bank's activities

The Report on the Bank's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the unconsolidated financial statements.

3.7 Information on the opinion of the independent auditor

Based on our audit of the unconsolidated financial statements as at and for the year ended 31 December 2008, we have issued an unqualified opinion.

Signed on the Polish original

.....
Certified Auditor No. 11154/7995
Ewa Józwik

Signed on the Polish original

.....
For KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Certified Auditor No. 9941/7390
Bożena Graczyk
Member of the Management Board

Signed on the Polish original

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For KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Richard Cysarz
Member of the Management Board

24 February 2009
Warsaw, Poland