INTERIM REPORT 2009
OF BANK ZACHODNI WBK GROUP

2009

Bank Zachodni WBK

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

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

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

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

2009

Bank Zachodni WBK

Table of contents

1. Consolidated income statement 9
2. Consolidated statement of comprehensive income 9
3. Consolidated statement of financial position 10
4. Movements on consolidated equity 11
5. Consolidated statement of cash flows 12
Additional notes to consolidated financial statements 13
6. General information about issuer 13
7. Basis of preparation of interim financial statements 14
8. Segmental reporting 20
9. Risk management 26
10. Net interest income 35
11. Net fee and commission income 35
12. Net trading income and revaluation 36
13. Gains (losses) from other financial securities 36
14. Impairment losses on loans and advances 36
15. Employee costs 36
16. General and administrative expenses 37
17. Corporate income tax 37
18. Cash and balances with central bank 37
19. Loans and advances to banks 38
20. Financial assets and liabilities held for trading 38
21. Loans and advances to customers 38
22. Investment securities 39
23. Financial assets held to maturity 39
24. Investments in associates and joint ventures 39
25. Deposits from central bank 40
26. Deposits from banks 40
27. Deposits from customers 40
28. Contingent liabilities 41
29. Related party disclosures 41
30. Acquisitions and disposals of investments in subsidiaries and associates 46
31. Events after the balance sheet date 47
32. Share based incentive scheme 48
33. Dividend per share 49

in thousands of PLN

1. Consolidated income statement

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

2. Consolidated statement of comprehensive income

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

in thousands of PLN

3. Consolidated statement of financial position

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

in thousands of PLN

4. Movements on consolidated equity

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

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

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

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

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

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

in thousands of PLN

5. Consolidated statement of cash flows

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

in thousands of PLN

Additional notes to consolidated financial statements

6. General information about issuer

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

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

Group of Bank Zachodni WBK consists of the following entities:

Subsidiaries:

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

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

in thousands of PLN

Associates:

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

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

Joint ventures:

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

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

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

7. Basis of preparation of interim financial statements

In comparison with annual financial statements content of an interim financial report is condensed, therefore it should be read in conjunction with the financial statements of Bank Zachodni WBK Group for the year 2008.

The consolidated financial statements of the Group for the year 2008 are available at the Bank's official website - www.inwestor.bzwbk.pl.

Statement of compliance

Condensed interim consolidated financial statements of Bank Zachodni WBK Group for the period from 1 January 2009 to 30 June 2009 were prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and other applicable regulations.

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

Accounting policies

The interim financial statements are presented in PLN, rounded to the nearest thousand.
The accounting policies have been applied consistently by Group entities.

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

Changes in accounting policies

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

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

Comparability with results of previous periods

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

a) consolidated income statement:

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

in thousands of PLN

b) consolidated statement of financial position:

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

  As at 31.12.2008 there was no regular way purchase or sale of financial assets.
- According to IAS 28 adjustments of equity made by the Bank's associate – POLFUND Fundusz Poręczeń Kredytowych S.A. were applied consistently in consolidated statement of financial position of BZ WBK Group. In comparable periods as at 31.12.2007 and 30.06.2008 „Retained earnings" were increased by PLN 19 238 k, "Deferred tax assets" were decreased by PLN 4 512 k, „Investments in associates and joint ventures" were increased by PLN 23 750 k, as at 31.12.2008 – Retained earnings" were increased by PLN 20 250 k, "Deferred tax assets" were decreased by PLN 4 750 k and „Investments in associates and joint ventures" were increased by PLN 25 000 k.
- As a result of changes in the interpretation of IAS 12, the presentation of deferred tax assets and liabilities was changed. Since June 2009 the assets and liabilities have been presented as a net value. The change is reflected also in comparable periods therefore the total assets in the consolidated statement of financial position decreased in the amount of PLN 425 254 k as at 31.12.2008 and PLN 239 639 k as at 30.06.2008.

c) consolidated statement of cash flows:

- As a result of changes in the interpretation of IAS 7, the definition of cash components was revised and applied. Since January 2009 cash components have included other liquid financial assets with maturity up to 3 months. The details of reclassification are presented in the table below.

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

* with maturity up to 3 months

The changes were made to appropriate items of the statement of cash flows, i.e.:

1) Change in loans and advances to banks,
2) Change in trading portfolio financial instruments,
3) Purchase of investment securities.

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

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

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

Amendment to IAS 39, *Financial Instruments: Recognition and Measurement*	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.

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

Judgments and estimates

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

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

8. Segmental reporting

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

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

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

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

Retail Banking

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

Business Banking

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

Investment Banking

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

Treasury

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

Centre

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

The principles of income and cost identification, as well as assets and liabilities for segmental reporting purposes are consistent with the accounting policy applied in Bank Zachodni WBK Group. Thereby there are no discrepancies between the valuation of segments' profit or loss, assets or liabilities, presented to the Management Board and the valuation of these components for the Group, included in the consolidated financial statement.

in thousands of PLN

Consolidated income statement (by business segment)

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

in thousands of PLN

Consolidated statement of financial position (by business segment)

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

in thousands of PLN

Consolidated income statement (by business segment)

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

in thousands of PLN

Consolidated statement of financial position (by business segment)

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

9. Risk management

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

Operating risk

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

Credit risk

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

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

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

Credit risk management

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

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

in thousands of PLN

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

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

in thousands of PLN

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

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

in thousands of PLN

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

IBNR portfolio

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

in thousands of PLN

Allowances for impairment by classes

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

Market risk

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

Interest rate risk

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

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

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

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

in thousands of PLN

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

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

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

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

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

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

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

in thousands of PLN

FX risk

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

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

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

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

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

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

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

in thousands of PLN

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

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

Equity risk

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

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

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

in thousands of PLN

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

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

Liquidity risk

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

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

Liquidity Risk	**<1W**	**<1M**	**>1M**
30-06-2009			
Qualifying Liquid Assets	10 294 606	759 648	1 500 000
Treasury inflows	2 015 804	3 914 804	11 731 208
Other inflows	384 126	448 537	37 320 993
Treasury outflows	(2 912 984)	(4 780 913)	(13 770 981)
Other outflows	(5 307 840)	(486 807)	(41 110 201)
GAP	**4 473 712**	**(144 731)**	**(4 328 981)**
Cumulative Gap	**4 473 712**	**4 328 981**	**-**

Liquidity Risk	**<1W**	**<1M**	**>1M**
31-12-2008			
Qualifying Liquid Assets	11 382 962	566 552	1 300 540
Treasury inflows	2 476 074	6 961 845	12 223 334
Other inflows	629 768	249 314	36 286 296
Treasury outflows	(2 263 818)	(7 564 051)	(14 016 408)
Other outflows	(5 284 242)	(516 777)	(42 431 390)
GAP	**6 940 744**	**(303 117)**	**(6 637 627)**
Cumulative Gap	**6 940 744**	**6 637 627**	**-**

Liquidity Risk	**<1W**	**<1M**	**>1M**
30-06-2008			
Qualifying Liquid Assets	9 654 636	-	298 754
Treasury inflows	4 032 395	4 452 834	11 980 823
Other inflows	758 250	191 977	29 659 059
Treasury outflows	(4 903 884)	(4 195 800)	(12 000 204)
Other outflows	(5 423 005)	(352 436)	(34 153 399)
GAP	**4 118 392**	**96 575**	**(4 214 967)**
Cumulative Gap	**4 118 392**	**4 214 967**	**-**

Capital Management

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

in thousands of PLN

10. Net interest income

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

11. Net fee and commission income

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

in thousands of PLN

12. Net trading income and revaluation

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

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

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

In comparable period there were no such adjustments.

13. Gains (losses) from other financial securities

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

14. Impairment losses on loans and advances

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

15. Employee costs

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

in thousands of PLN

16. General and administrative expenses

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

17. Corporate income tax

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

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

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

18. Cash and balances with central bank

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

in thousands of PLN

19. Loans and advances to banks

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

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

20. Financial assets and liabilities held for trading

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

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

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

21. Loans and advances to customers

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

in thousands of PLN

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

22. Investment securities

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

23. Financial assets held to maturity

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

24. Investments in associates and joint ventures

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

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

in thousands of PLN

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

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

25. Deposits from central bank

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

26. Deposits from banks

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

27. Deposits from customers

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

in thousands of PLN

28. Contingent liabilities

Significant court proceedings

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

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

Off balance sheet liabilities

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

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

29. Related party disclosures

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

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

Assets and liabilities relating to transactions with connected entities

30.06.2009

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

in thousands of PLN

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

* incl.: deposits in the amount of PLN 329 419 k and current accounts of PLN 37 k.
** incl.: loans granted to BZ WBK subsidiaries in the amount of PLN 889 791 k, repo transactions of PLN 558 208 k and deposits of PLN 317 657 k.

31.12.2008

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

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

* incl.: deposits in the amount of PLN 253 549 k and current accounts of PLN 486 k.
** incl.: loans granted to BZ WBK subsidiaries in the amount of PLN 834 572 k, repo transactions of PLN 588 159 k and deposits of PLN 462 413 k.
The difference on transaction with subsidiaries in the amount of PLN 19 k results from prepaid expenses which are recognized in profit and loss account.

30.06.2008

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

in thousands of PLN

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

* incl.: deposits in the amount of PLN 272 842 k and current accounts of PLN 200 k.
** incl.: loans granted to BZ WBK subsidiaries in the amount of PLN 435 978 k, repo transactions of PLN 595 611 k and deposits of PLN 708 384 k.
The difference on transaction with subsidiaries in the amount of PLN 102 k results from prepaid expenses which are recognized in profit and loss account.

Revenues and expenses relating to transactions with connected entities

01.01.2009-30.06.2009

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

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

01.01.2008-30.06.2008

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

in thousands of PLN

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

Off balance sheet positions relating to transactions with connected entities

30.06.2009

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

31.12.2008

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

30.06.2008

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

TRANSACTIONS WITH MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS

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

In 1H 2009 the amount of remuneration paid to the Management Board Members of Bank Zachodni WBK S.A. totalled PLN 4 886 k whereas additional benefits totalled PLN 1 468 k. No bonus has been paid in 2009 based on 2008 performance.
In 1H 2008 the amount of remuneration paid to the Management Board Members of Bank Zachodni WBK S.A. totalled PLN 11 511 k whereas additional benefits totaled PLN 824 k.

In 1H 2009 the total amount of remuneration paid to the Supervisory Board Members of Bank Zachodni WBK S.A. totalled PLN 493 k.
In 1H 2008 the total amount of remuneration paid to the Supervisory Board Members of Bank Zachodni WBK S.A. totalled PLN 475 k.

Members of the Management Board have signed non-competition agreements which remain in force after they step down from their function.
If a Member of the Management Board is removed from their function or not appointed for another term, he/she is entitled to a once-off severance pay. The severance pay does not apply if the person accepts another function in the Bank.

TRANSACTIONS WITH EXECUTIVES

30 June 2009

Loans and advances made by the Bank to the Members of the Management Board of BZ WBK S.A. and to their relatives totalled PLN 9 571 k. These facilities have been sanctioned on regular terms and conditions.
As of 30.06.2009, the total of loans, advances and guarantees provided to members of the Management Board of BZ WBK S.A. by the subsidiaries and associates amounted to PLN 24 k.
Social Fund loans and advances provided to the Members of the Management Board totalled nil.

31 December 2008

Loans and advances made by the Bank to the Members of the Management Board of BZ WBK S.A. and to their relatives totalled PLN 8 769 k. These facilities have been sanctioned on regular terms and conditions.
As of 31.12.2008, the total of finance lease receivable provided to members of the Management Board of BZ WBK S.A. by the subsidiaries and associates amounted to PLN 30 k.
Social Fund loans and advances provided to the Members of the Management Board totalled nil.

30 June 2008

Loans and advances made by the Bank to the Members of the Management Board of BZ WBK S.A. and to their relatives totalled PLN 6 981 k. These facilities have been sanctioned on regular terms and conditions.
As of 30.06.2008, the total of loans, advances and guarantees provided to members of the Management Board of BZ WBK S.A. by the subsidiaries and associates amounted to PLN 40 k.
Social Fund loans and advances provided to the Members of the Management Board totalled nil.

Profit sharing scheme

In 2006 selected subsidiaries of BZWBK Group introduced a motivation scheme for their key management in a form of a long term profit sharing scheme classified as other long-term benefits in accordance with IAS 19. The formal framework of the scheme is based on an issue of shares that are purchased by entitled individuals.
Considering underlying characteristics of the scheme it has been classified as a long term profit sharing scheme and recognized as a liability in the consolidated financial statements.
Shares issued under the scheme are deprived of voting rights, have significant limitations on disposal and are subject to conditional obligation to dispose shares at a price different from the fair value of shares.
Considering the above, BZWBK Group has estimated a present value of the future obligations to pay-outs resulting from rights granted under the scheme respectively to the service period of the entitled individuals participating in the scheme.

The value of the liability resulting from the scheme as at 30 June 2009 amounted to PLN 6 286 k and the amount recognized as the scheme related expense in the profit and loss account for the period was PLN 5 395 k.
The value of the liability resulting from the scheme as at 31 December 2008 amounted to PLN 17 712 k and the amount recognized as the scheme related expense in the profit and loss account for the period was PLN 20 309 k.
The value of the liability resulting from the scheme as at 30 June 2008 amounted to PLN 12 114 k and the amount recognized as the scheme related expense in the profit and loss account for the period was PLN 9 519 k.

30. Acquisitions and disposals of investments in subsidiaries and associates

ACQUISITIONS in 1H 2009

Purchase of shares and registration of the Bank's new subsidiary

On 14 January 2009 a new company BZ WBK Finanse Sp. z o.o. was registered.
The Bank acquired in BZ WBK Finanse Sp. z o.o. 1 000 shares with the nominal value of PLN 50 each which accounts for 100% of the share capital and 100% of votes at the General Meeting. The Bank acquired the shares for the total of PLN 50 k. The core business of the Company will be operating financial holdings.
The Bank's purchase of the shares in BZ WBK Finanse Sp. z o.o. is a long-term investment and has been financed with the Bank's own funds.
Additionally, an agreement was entered into by and between the Bank and the registered subsidiary on transferring the ownership title to shares of the Bank's selected Pursuant to the Agreement, the Bank transferred onto BZ WBK Finanse the ownership title to:

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

in thousands of PLN

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

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

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

BZ WBK Inwestycje Sp. z o.o. (the Bank's subsidiary) acquired in Krynicki Recykling S.A. 3,076,852 shares of its new issue (representing 30.37 % of the share capital) with the nominal value of PLN 3.25 each. The company acquired the shares for the total of PLN 9,999,769.00. The agreement was signed on 19th of December 2008, the registration of the share capital increase – on 2nd of February 2009.
Krynicki Recykling S.A, seated in Olsztyn, is quoted on the NewConnect market. It operates in an environmental protection industry sector.
Purchase of shares was a part of building a portfolio of pre-IPO type own investment.

31. Events after the balance sheet date

Corporate ownership

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

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

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

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

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

in thousands of PLN

32. Share based incentive scheme

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

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

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

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

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

Share based payments granted:

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

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

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

The following table summarizes the share based payments activity:

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

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

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

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

33. Dividend per share

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

in thousands of PLN

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

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