Translation of document originally issued in Polish

CAPITAL GROUP OF
BANK ZACHODNI WBK S.A.

REPORT SUPPLEMENTING THE OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

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1 General

1.1 General information on the Capital Group

1.1.1 Capital Group name

Bank Zachodni WBK S.A. Capital Group

1.1.2 Registered office of parent entity

ul. Rynek 9/11
50-950 Wrocław

1.1.3 Commercial registration

Seat of the court:	Wrocław
Date:	27 April 2001
Registration number:	0000008723

1.1.4 Tax Office and Provincial Statistical Office registration of parent entity

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

1.2 Information on the entities of Capital Group

1.2.1 Entities included in the consolidated financial statement

As at 31 December 2004 the following entities of the Capital Group were consolidated:

Parent entity:

- Bank Zachodni WBK S.A.

Subsidiaries consolidated under full consolidation method:

- Dom Maklerski BZ WBK S.A.
- BZ WBK Finanse & Leasing S.A.
- BZ WBK Leasing S.A.
- BZ WBK AIB Asset Management S.A.

- BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. – subsidiary of BZ WBK Asset Management S.A.
- AIB WBK Fund Management Sp. z o.o.
- BZ WBK Inwestycje Sp. z o.o.
- BZ WBK Faktor Sp. z o.o
- BZ WBK Nieruchomości S.A. i Wspólnicy Spółka Komandytowa
- Card Point S.A. (till 22 April 2004 r.)

1.2.2 Entities not included in consolidated financial statement

As at 31 December 2004 following entities of Bank Zachodni WBK S.A. Capital Group were not included in the consolidated financial statement:

- BZ WBK Nieruchomości S.A.
- Brytyjsko-Polskie Towarzystwo Finansowe WBK-CU Sp. z o.o.

The above mentioned entities were not consolidated based on the Art. 57 point 1 and Art. 58 point 1 of the Accounting Act (Official Journal from 2002, No 76, item 694 with amendments).

1.3 Auditor information

KPMG Audyt Sp. z o.o.
Ul. Chłodna 51
00-867 Warsaw

KPMG Polska Audyt Sp. z o.o. (until 9 May 2004 registered as KPMG Polska Audyt Sp. z o.o.) is registered as an authorised company to audit financial statements (number 458).

1.4 Legal status

1.4.1. Share capital

The parent entity was established on 13 June 2001 for an indefinite period as a result of a merger of Bank Zachodni S.A. and Wielkopolski Bank Kredytowy S.A. under Resolution No 30/KNB/01 of Commission of Banking Supervision dated 7 March 2001.

The share capital of the parent entity amounted to PLN 729,602,840 as at 31 December 2004 divided into 72,960,284 ordinary shares with a nominal value of PLN 10 each.

As at 31 December 2004, the shareholders' structure was as follows

Name of the Shareholder	Number of shares	Number of voting rights (in %)	Book value of shares PLN	Percentage of share capital (in %)
AIB European Investments Limited	51,413,790	70.5%	514,138	70.5%
Other Shareholders	21,546,494	29.5%	215,465	29.5%
	72,960,284	100.0%	729.603	100.0%

1.4.2. Management of the parent entity

The Management Board is responsible for management of the parent entity.

At 31 December 2004, the Management Board of the parent entity was comprised of the following members:

President	Jacek Kseń
First Vice-president	Cornelius O'Sullivan
Board Members	Declan Flynn
	Michał Gajewski
	Justyn Konieczny
	Janusz Krawczyk
	Jacek Marcinowski
	Mateusz Morawiecki
	James Murphy
	Feliks Szyszkowiak

On 14 January 2004 Mr. Maciej Węgrzyński resigned as a Member of the Management Board of the parent entity.

On 30 June 2004 Mr. Michael Keegan completed his assignment with the parent entity and took up a new position in the Allied Irish Banks p.l.c. capital group. On 1 July 2004, according to the decision of Supervisory Board, Mr. James Murphy took up the position in the Management Board.

Additionally on 4 March 2005 the parent entity was informed by Mr. Cornelius O'Sullivan the Firs Vice President of the parent entity about his resignation as a Member of the Management Board due to retirement, effective 30 April 2005.

1.4.3. Activities of the entities

The business activities listed in the parent entity'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 by residents abroad and settlements with non-residents in Poland,
- 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 parent entity 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,

- acting as sales agent of insurance, leasing, factoring, forfeiting, franchising products and participation units and certificates of investment funds.

Additionally the parent entity may perform the above activities on the instruction of another bank. In accordance with the parent entity's strategy, it may also cooperate with the domestic, foreign and international banks and financial institutions and perform services of transportation of goods.

The main activities of the subsidiaries include:

- intermediation in trading in securities,
- leasing,
- asset/fund management,
- distribution of insurance services,
- trading in shares and interests of the commercial law companies,
- factoring services.

1.5 Prior period consolidated financial statements of the Capital Group

The consolidated financial statements of the Capital Group of Bank Zachodni WBK S.A. (hereinafter referred to the consolidated financial statements) for the period ended 31 December 2003 were audited by KPMG Polska Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements of the Capital Group for the year ended 31 December 2003 were approved at the General Meeting on 20 April 2004.

The consolidated financial statement was submitted to the Regional Court for Wrocław on 5 May 2004 and published in the "National Journal B" No. 857, dated 26 August 2004.

The closing balances as at 31 December 2003 have been properly recorded as the opening balances of the audited year.

1.6 Audit scope and responsibilities

This report of the independent auditor was prepared for the General Meeting of Bank Zachodni WBK S.A., seated in Wrocław, ul. Rynek 9/11 and relates to the consolidated financial statement, comprising: introduction to the consolidated financial statements, consolidated balance sheet as at 31 December 2004 with the total assets and liabilities of PLN 27,587,874 thousand, the capital adequacy ratio, the statement of consolidated contingencies and commitments granted as at 31 December 2004 amounting to PLN 4,739,854 thousand, the consolidated profit and loss account for the year then ended with a net profit of PLN 444,452 thousand, the statement of changes in consolidated equity for the year then ended, with an increase in equity of PLN 479,236 thousand, the consolidated cash flow statement for the year then ended with a decrease in cash amounting to PLN 151,546 thousand, and the supplementary information and explanations.

The consolidated financial statements have been audited on the basis of the decision of the Supervisory Board of Bank Zachodni WBK S.A. dated 15 June 2004 on the appointment of the auditor.

The consolidated financial statements have been audited in accordance with the contract dated 1 October 2004.

We conducted the audit of consolidated financial statement in accordance with International Standards on Auditing as promulgated by the International Federation of Accountants, section 7 of the Polish Accounting Act dated 29 September 1994 (Revised Text, Official Journal from 2002, no 76, item 694 with amendments) and the professional standards established by the Polish National Council of Certified Auditors.

We have audited the consolidated financial statements in the parent entity head office during the period from 18 October 2004 to 4 February 2005.

We have conducted an independent audit of consolidated financial statements in order to express an opinion thereon and present this, together with a written report of the independent auditor, to the General Meeting.

On 4 March 2005, the Management Board of the parent entity submitted a statement as to the completeness, fairness, clarity and accuracy of the consolidated financial statements presented for audit which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements for the audited year.

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 Management Board and Supervisory Board members of KPMG Audyt Sp. z o.o. and other persons related to the audit of the consolidated financial statements of the Capital Group meet the independence requirements relating to all Capital Group entities. 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.

1.7 Information about audits of financial statements of entities included in the consolidated financial statements.

Financial statements of Bank Zachodni WBK S.A. for the year ended at 31 December 2004 were audited by KPMG Audyt Sp. z o.o., the company authorized to audit financial statement (number 458) and received an unqualified opinion.

Financial statements of the following subsidiaries:

- Dom Maklerski BZ WBK S.A.
- BZ WBK Finanse i Leasing S.A.
- BZ WBK Leasing S.A.
- BZ WBK AIB Asset Management S.A.
- BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A.
- AIB WBK Fund Management Sp. z o.o.
- BZ WBK Faktor Sp. z o.o.

prepared for the year ended at 31 December 2004, has been audited by KPMG Audyt Sp.z o.o., the company authorized to audit financial statement (number 458) and received an unqualified opinion.

Financial statement of BZ WBK Inwestycje Sp. z o.o. prepared for the year ended at 31 December 2004 has been audited by Wielkopolskie Centrum Audytorsko-Księgowe Sp. z o.o., the company authorized to audit financial statement (number 2394) and received an unqualified opinion.

Financial statements of BZ WBK Nieruchomości S.A. i Wspólnicy Spółka Komandytowa for the year ended 31 December 2004 were not subject to the audit.

2 Financial analysis of the Capital Group

2.1 Summary of the consolidated financial statements

2.1.1 Consolidated balance sheet

	31.12.2004	31.12.2003
ASSETS	**PLN'000**	**PLN'000**
Cash in hand, operations with Central Bank	1,200,154	1,161,497
Loans and advances to financial sector	3,228,056	1,073,107
Loans and advances to non-financial sector	13,176,448	13,145,365
Loans and advances to State budget sector	466,059	568,291
Reverse repo transactions	25,697	5,806
Debt securities	6,695,869	6,139,401
Loans and advances to subordinated entities valued under equity method	9	14
Shares or interests in subsidiaries	838	651
Shares or interests in associates	76,943	70,283
Shares or interests in other entities	266,531	260,848
Other securities and financial assets	884,823	161,148
Intangible assets and legal values	238,212	301,353
Tangible fixed assets	595,851	695,547
Other assets	234,404	259,630
Prepayments	497,980	314,626
TOTAL ASSETS	**27,587,874**	**24,157,567**

LIABILITIES AND EQUITY	31.12.2004 PLN '000	31.12.2003 PLN '000
Liabilities		
Due to financial sector	1,514,168	1,507,420
Due to non-financial sector	17,898,642	16,640,771
Due to budget sector	1,146,234	1,065,538
Repo transactions	732,690	-
Debt securities issued	1,198,767	792,574
Other financial instruments	804,501	259,409
Due to subordinated entities valued under equity method	60,564	72,465
Special funds and other liabilities	377,922	511,775
Accruals and deferred income	403,163	489,545
Negative goodwill of subordinated entities	8,600	11,196
Provisions	390,000	248,592
Minority capital	30,675	15,570
	24,565,926	21,614,855
Equity		
Share capital	729,603	729,603
Statutory reserves	385,193	381,373
Revaluation reserves	215,454	159,992
Reserve capital	1,256,491	1,167,176
Loss from previous years	(9,245)	(24,305)
Net profit for the current year	444,452	128,873
	3,021,948	2,542,712
Total equity & liabilities	**27.587.874**	**24.157.567**

	31.12.2004	31.12.2003
Capital adequacy ratio	12.9%	12.0%

OFF BALANCE SHEET

	31.12.2004 PLN'000	31.12.2003 PLN'000
Liabilities granted	4,739,854	4,374,730
Liabilities received	614,239	533,857
Commitments arising from purchase / sale transactions	65,253,989	41,251,865
Other	30,082	47,087
Total off balance sheet	**70,638,164**	**46,207,539**

2.1.2 Consolidated profit and loss account

	01.01.2004 - 31.12.2004 PLN '000	01.01.2003 – 31.12.2003 PLN '000
Interest income	1,495,033	1,422,099
Interest expense	(624,724)	(593,033)
Net interest income	**870,309**	**829,066**
Fee and commission income	694,816	641,686
Fee and commission expense	(125,603)	(109,704)
Net fee and commission income	**569,213**	**531,982**
Net income from sales of products, goods and materials	67,681	51,381
Profit/loss on sales	**67,681**	**51,381**
Income from shares and other securities and other financial instruments with variable yield	116,281	52,403
Profit on financial operations	9,213	13,567
Foreign exchange profit	197,108	205,404
Profit on banking operations	**1,829,805**	**1,683,803**
Other operating income	63,836	46,962
Other operating expenses	(50,658)	(85,344)
Costs of Bank's operations and general management	(943,247)	(1,021,273)
Amortisation of fixed assets and intangible assets	(202,089)	(225,433)
Allocations to provisions	(446,100)	(731,781)
Release of provisions	315,064	589,765
Net provisions	**(131,036)**	**(142,016)**
Operating result	**566,611**	**256,699**
Extraordinary profits/ losses	-	506
Amortization of negative goodwill of subordinated entities	3,325	3,165
Gross result (loss)	**569,936**	**260,370**
Income tax	(113,790)	(123,476)
Other taxes and charges decreasing the profit (increasing the loss)	-	(20)
Share in net profits of subordinated entities valued using an equity method	6,122	270
Profit / (loss) of minority shareholders	(17,816)	(8,271)
Net profit	**444,452**	**128,873**

2.2 Selected financial ratios

	2004	2003
Total assets (PLN thousand)	**27,587,874**	24,157,567
Profit before taxation (PLN thousand)	**569,936**	260,370
Net profit (PLN thousand)	**444,452**	128,873
Consolidated equity (PLN thousand)*	**2,577,496**	2,413,839
Return on equity	**17.2%**	5.3%
Capital adequacy ratio of the Capital Group	**12.9%**	12.0%
Net receivables to total assets	**61.2%**	61.2%
Income earning assets to total assets	**85.5%**	86.7%
Cost bearing liabilities to total liabilities	**81.5%**	82.8%

* excluding current year net earnings

2.3 Interpretation of selected financial ratios

Changes in the most significant items of the balance sheet and the profit and loss account are discussed below:

The balance sheet of the Capital Group increased by 14% in comparison to the previous year. The increase in liabilities was due to higher level of customer deposits, debt securities issued and financial instruments and repo transactions. On the assets side there was substantial growth in interbank placements, debt securities and other securities and financial assets.

Profit before tax more than doubled in 2004 when compared to the previous year. The growth was mainly driven by an increase in non interest income and a decrease in operating cost.
Profit after tax increased in 2004 mainly due to a decrease in tax rates from 27% in 2003 to 19% in 2004.

3 Detailed report

3.1 Accounting principles

The Capital Group holds current documentation describing the applied accounting principles, approved by the Management Board of the parent entity. The applied principles of accounting policy were described in the introduction to the consolidated financial statements, to the extent required by the Accounting Act and regulations issued on the basis of the Act as well as regulations concerning entities issuing securities admitted to public trading, which are applied on a consistent basis.

The entities of the Capital Group, in all material aspects, apply the same accounting principles as parent entity.

The financial statements of the consolidated entities were prepared on the same balance sheet date as financial statements of the parent entity – namely 31 December 2004.

3.2 Basis for preparation of the consolidated financial statement

The consolidated financial statements of the Capital Group of Bank Zachodni WBK S.A. have been prepared in accordance with the Accounting Act dated 29 September 1994, regulations issued on the basis of the Act as well as regulations concerning entities issuing securities admitted to public trading, which are applied on a consistent basis.

The basis for preparation of the consolidated financial statement was the consolidation documentation, compliant with the Resolution of Minister of Finance dated 12 December 2001 regarding the preparation of the consolidated financial statements of banks and financial holdings (Official Journal published 2001, no 152, item 1728).

The method of consolidation has been presented in detail in the “Introduction to the consolidated financial statements” as at 31 December 2004.

3.3 Principles of prudence applied by the Capital Group and the capital adequacy ratio

In the context of the audit of the financial statements, no material exceptions have been noted in the principles of prudence applied by the Bank. Capital adequacy ratio was calculated properly.

3.4 Materiality levels applied by the auditor to consolidated financial statement

In order to issue the audit opinion on the consolidated financial statements treated as a whole, materiality levels applied by the auditor were adequate to the materiality and the risk assessment of particular items of the consolidated financial statements.

3.5 Additional information on consolidated financial statement

All information included in the notes to the consolidated financial statements is presented accurately and completely by the parent entity. The introduction to the consolidated financial statements comprising introduction to the consolidated financial statement and additional information and explanations is an integral part of the consolidated financial statement.

3.6 Report of the Management Board of parent entity on the Capital Group activities

The report of the Management Board on Capital Group's activities includes information specified in Article 49 Paragraph 2 of the Accounting Act and requirements of the Ministry of Finance Resolution dated 16 October 2001 on current and periodic information provided by issuers of publicly traded securities (Official Journal from 2001, No 139, item 1569 with amendments) and the information is consistent with the consolidated financial statements.

3.7 Information on independent auditor's opinion

Based on our audit of the consolidated financial statements of Capital Group of Bank Zachodni WBK S.A. as at 31 December 2004 we issued unqualified auditor's opinion.

signed on the Polish original
.....
Certified Auditor No 4979/2575
Hanna Fludra

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

Warsaw, 4 March 2005