Additional Notes

1. Concentration mix of the bank's exposure to individual entities, capital groups, sectoral and geographical market segments along with assessment of the related risk

Bank Zachodni WBK S.A. fully adheres to the standards provided for in the Banking Law with regard to the concentration of risk bearing exposures to a single entity or a group of entities connected in terms of capital or business. The Bank does not exceed limits of exposures either to subsidiary or parent companies or subsidiaries of the Bank's parent or in other cases.
The policy pursued by the Bank aims at minimization of the credit concentration risk, which is reflected by the application of more rigorous rules than the regulatory ones in this respect.

In accordance with its credit policy, Bank Zachodni WBK consistently applies the policy of lending to low-risk industries and reduction of exposures to medium and high-risk industries. In order to ensure adequate portfolio diversification and eliminate the risk of overexposure to a single industry, the Bank provides funding to sectors and companies/groups representing a variety of industries. As at 2004-end, there was no dominant industry in the bank's portfolio, while the largest share of a single industry was 9.7%.

PKD	PKD name	Exposure*		Grade 1	Grade 2	Grade 3	Grade 4	Grade 2-4
15	Manufacture of food products and beverages	1 278 804	9.7%	1 203 098	18 334	6 667	50 705	5.9 %
51	Wholesale trade and commission trade /except for motor vehicles/	1 078 087	8.1%	922 343	14 933	24 124	116 687	14.4%
70	Real estate activities	1 051 832	8.0%	929 566	58 633	58 915	4 718	11.6%
40	Electricity, gas, steam and hot water supply	798 572	6.0%	797 364	1 199	-	9	0.2%
01	Agriculture and hunting	599 511	4.5%	409 754	13 437	6 960	169 360	31.7%
65	Financial intermediation	532 948	4.0%	524 874	543	234	7 297	1.5%
75	State administration and defence	441 676	3.3 %	433 524	-	-	8 152	1.8%
45	Construction	439 044	3.3%	371 389	5 225	6 137	56 293	15.4%
52	Retail trade /except for motor vehicles/	390 325	3.0%	298 818	11 672	44 856	34 979	23.4%
25	Rubber and plastic products	302 204	2.3%	280 807	3 340	886	17 171	7.1%
	Other	3 434 480	26.0%	3 115 915	48 007	13 735	256 823	9.3%
A.	***Businesses***	***10 347 483***	***78.2%***	***9 287 452***	***175 323***	***162 514***	***722 194***	***10.2%***
B.	***Private individuals***	***2 888 824***	***21.8%***	***2 751 015***	***6 024***	***3 974***	***127 811***	***4.8%***
	incl. mortgages	***1 947 271***	***14.7%***	***1 893 418***	***6 024***	***3 974***	***43 855***	***2.8%***
A+B	***Bank's portfolio (gross)***	***13 236 307***	***100%***	***12 038 467***	***181 347***	***166 488***	***850 005***	***9.0%***
C	***Central write-downs***	***(18 393)***						
A+B+C	***Bank's portfolio***	***13 217 914***						
	Subsidiaries	***1 205 476***						
	Total portfolio	***14 423 390***						

* gross receivables
**Central write-downs not classified under PKD
***The amount covers inter-company transactions

The table below presents the Bank's 10 largest exposures to individual clients:

	PKD	Risk grade	Balance	Open credit line	Guarantees	Total exposure
Client 1	15	1	323 517	86 683	1 606	411 806
Client 2	40	1	203 543	-	-	203 543
Client 3	64	1	156 429	6 148	-	162 577
Client 4	51	1	150 000	-	-	150 000
Client 5	65	1	131 250	55 136	2 796	189 182
Client 6	65	1	131 218	4 328	-	135 546
Client 7	71	1	131 008	296 329	2 953	430 290
Client 8	01	4	126 131	-	-	126 131
Client 9	15	1	125 800	114 200	-	240 000
Client 10	70	1	117 696	-	-	117 696

The table below presents the bank's 10 largest exposures to capital groups:

	PKD	Risk grade	Balance	Open credit line	Guarantees	Total exposure
Capital group 1	15	1	323 517	86 683	1 606	411 806
Capital group 2	40	1	243 543	700	-	244 243
Capital group 3	70	1	145 639	-	-	145 639
Capital group 4	01	4	137 376	-	-	137 376
Capital group 5	20	1	126 542	7 400	-	133 942
Capital group 6	40	1	121 469	102 678	57	224 204
Capital group 7	70	1	114 879	18 053	-	132 932
Capital group 8	75	1	114 833	50 000	-	164 833
Capital group 9	23	1	112 617	-	-	112 617
Capital group 10	70	1	98 213	-	-	98 213

Credit risk grades are marked as follows:
1 – regular, 1C – watch, 2 – substandard, 3 – doubtful, 4 – lost. In the case of businesses, the Bank applies a more detailed categorization - 1 (regular) is split into two sub-categories: 1A – high quality, 1B – stable.
The mix of Bank Zachodni WBK receivables as at 31 December 2004 and 31 December 2003 across geographies was as follows.

Net receivables from the non-financial and public sectors

	31.12.2004		**31.12.2003**	
Province	***value***	***%***	***value***	
1.dolnośląskie	2 131 471	17.4 %	2 315 585	18.5 %
2.kujawsko-pomorskie	537 631	4.4 %	530 572	4.2 %
3.lubelskie	97 354	0.8 %	184 473	1.5 %
4.lubuskie	549 269	4.5 %	665 862	5.3 %
5.łódzkie	181 981	1.5 %	142 625	1.1 %
6.małopolskie	228 861	1.9 %	260 350	2.1 %
7.mazowieckie	1 726 807	14.1 %	1 768 784	14.1 %
8.opolskie	349 108	2.8 %	425 594	3.4 %
9.podkarpackie	55 032	0.5 %	93 721	0.8 %
10.podlaskie	79 017	0.6 %	72 625	0.6 %
11.pomorskie	365 293	3.0 %	313 738	2.5 %
12.śląskie	294 020	2.4 %	531 657	4.2 %
13.świętokrzyskie	178 550	1.5 %	212 264	1.7 %
14.warmińsko-mazurskie	101 203	0.8 %	119 726	0.9 %
15. wielkopolskie	4 851 039	39.7 %	4 524 271	36.1 %
16.zachodniopomorskie	499 463	4.1 %	376 354	3.0 %
Bank	**12 226 099**	**100 %**	**12 538 201**	**100 %**
Subsidiaries*	***1 416 408***		***1 175 455***	
Total	**13 642 507**		**13 713 656**	

**The amount covers inter-company transactions*

2. Deposit sources by sectoral and geographical market segments

The mix of Bank Zachodni WBK liabilities as at 31 December 2004 and 31 December 2003 by sectors was as follows:

31.12.2004

Deposits	Businesses and public sector units	Private individuals	Total
PLN	***6 581 548***	***9 232 089***	***15 813 637***
o current	3 907 537	1 784 012	5 691 549
o term	2 665 401	7 350 198	10 015 599
o interest	8 610	97 879	106 489
FX	***899 299***	***2 026 038***	***2 925 337***
o current	516 920	417 932	934 852
o term	382 185	1 602 029	1 984 214
o interest	194	6 077	6 271
Total	**7 480 847**	**11 258 127**	**18 738 974**
Subsidiaries*			***305 902***
Total			**19 044 876**

31.12.2003

Deposits	Businesses and public sector units	Private individuals	Total
PLN	***5 729 574***	***8 853 114***	***14 582 688***
o current	3 554 101	1 899 261	5 453 362
o term	2 169 451	6 864 676	9 034 127
o interest	6 022	89 177	95 199
FX	***655 787***	***2 307 840***	***2 963 627***
o current	436 740	497 802	934 542
o term	218 957	1 800 329	2 019 286
o interest	90	9 709	9 799
Total	**6 385 361**	**11 160 954**	**17 546 315**
Subsidiaries*			***159 994***
Total			**17 706 309**

****The amount covers inter-company transactions***

The mix of Bank Zachodni WBK liabilities as at 31 December 2004 and 31 December 2003 by geographies was as follows:

Amounts due to the non-financial and public sectors				
	31.12.2004		**31.12.2003**	
Province	***value***		***value***	
1.dolnośląskie	5 502 434	29.4 %	5 401 893	30.7 %
2.kujawsko-pomorskie	660 868	3.5 %	587 018	3.3 %
3.lubelskie	17 068	0.1 %	10 255	0.1 %
4.lubuskie	1 096 627	5.9 %	1 048 366	6.0 %
5.łódzkie	339 088	1.8 %	283 972	1.6 %
6.małopolskie	209 687	1.1 %	172 195	1.0 %
7.mazowieckie	1 888 620	10.1 %	1 496 901	8.5 %
8.opolskie	798 690	4.3 %	821 751	4.7 %
9.podkarpackie	26 833	0.1 %	25 596	0.1 %
10.podlaskie	82 929	0.4 %	67 977	0.4 %
11.pomorskie	958 705	5.1 %	836 287	4.8 %
12.śląskie	918 645	4.9 %	872 262	5.0 %
13.świętokrzyskie	141 382	0.8 %	119 776	0.7 %
14.warmińsko-mazurskie	100 166	0.5 %	84 974	0.5 %
15.wielkopolskie	5 411 441	28.9 %	5 317 116	30.3 %

16.zachodniopomorskie	585 791	3.1 %	399 976	2.3 %
Bank	**18 738 974**	**100 %**	**17 546 315**	**100 %**
Subsidiaries*	***305 902***		***159 994***	
Total	**19 044 876**		**17 706 309**	

**The amount covers inter-company transactions*

3. Information on changes in subsidies to foreign branches, taking account of the opening balance, increases and decreases with a break down into individual entities and balance at period-end

Entities of Bank Zachodni WBK Group do not have any foreign branches.

4. Information about financial instruments while taking account of the specific nature of the issuer

Bank Zachodni WBK Group categorizes financial instruments according to their nature and purpose in the following way:

- financial instruments held for trading,
- financial instruments held to maturity,
- financial instruments available for sale,
- sanctioned loans and advances and other originated receivables.

4.1. Financial instruments taking account of the opening balance, increases, decreases and balance at the period-end

Information on financial asset classification, such as: debt securities and shares, presenting changes in their balance in the period, with the following breakdown:

- securities held for trading,
- securities available for sale,
- securities held to maturity

is tabulated in notes to financial statements /Notes from 6 to 11/.

Amounts due in respect of reverse repo transactions

	BO /01.01.2004/	increase	decrease	BZ /31.12.2004/
Instrument 1	5 806	99	(5 905)	-
Instrument 2	-	10 277	-	10 277
Instrument 3	-	339	-	339
Instrument 4	-	9 030	(9 030)	-
Instrument 5	-	4 687	-	4 687
Instrument 6	-	10 394	-	10 394
Total	**5 806**	**34 826**	**(14 935)**	**25 697**

Loans and advances sanctioned

	Loan book*	Earning loans*	NPLs*
Business loans	**10 329 130**	**9 287 452**	**1 041 678**
Personal loans	***2 888 784***	***2 751 015***	***137 769***
1. Overdrafts	247 397	218 706	28 691
2. Mortgages	1 947 271	1 893 418	53 853
3. Credit cards	199 641	190 862	8 779
4. Cash loans, instalment loans, other	494 475	448 029	46 446
Bank's loan book	**13 217 914**	**12 038 467**	**1 179 447**
Subsidiaries*	***1 205 476***		
Total portfolio	**14 423 390**		

* Gross credit portfolio
**The amount covers inter-company transactions

4.2. Financial assets and liabilities

4.2.1.

a) Number and value of financial instruments, including a description of significant terms and conditions that may have impact on the size, spread over time and certainty of future cash flows

Derivatives of Bank Zachodni WBK

31.12.2004 **PLN'000**

Instrument	PLN interest rate SWAP	hedging IRS	FX SWAP	FX Forward	FRA	Fx Options bought	Euroindex options bought	Bi-currency interest rate SWAP
Number of transactions	234	8	199	513	89	2	18	4
Adopted accounting principles	(1)	(4)	(2)	(2)	(1)	(3)	(3)	(1)
Fair value*	71 414	(5 721)	(36 797)	4 811	2 493			(1 279)
Purpose	trading	fair value hedging	trading	trading	trading	trading	trading	trading
Nominal value	15 340 881	806 303	7 849 689	544 543	6 027 119	24 329	383 790	836 614
Future income / payments	variable	variable	variable	variable	variable	variable	variable	variable
Maturity	from 06-01-05 to 05-04-2010	from 24-10-05 to 29-11-2011	from 03-01-05 to 31-08-07	from 03-01-05 to 28-04-06	from 03-01-05 to 28-11-05	from 26-04-06 to 04-10-06	from 04-01-05 to 28-09-07	from 31-01-05 to 17-06-05
Possibility of early settlement	none	none	none	none	none	none	none	none
Price/Range of Prices	from 1.48% to 14.11%	from 2.17% to 7.69%	from 0.77% to 103.75%	from 1.22% to 8.94%	from 6.00 % to 13.00%	(1 051)	(36 160)	0.70 % to 6.69%
Possibility to convert into other asset/liability	none	none	none	none	none	none	none	none
Set rates/ interest payments dates	variable	variable	variable	variable	variable	variable	variable	variable
Additional collaterals	none	none	none	none	none	none	none	none
Other terms & conditions	none	none	none	none	none	none	none	none
Type of risk	interest rate	interest rate	FX risk/liquidity	interest rate/FX rate	interest rate	FX rate	interest rate	interest rate/liquidity

(1) Notional amount is posted to off balance sheet accounts. Daily fair valuation is taken to P&L and balance sheet.
(2) Notional amount is posted to off balance sheet accounts. Daily fair valuation is taken to balance sheet and income from FX differences.
(3) Notional amount is posted to off balance sheet accounts. Premium settled under a straight-line method until the option maturity.
(4) Hedge accounting.
* Negative/positive figures mean unrealised income/loss.

Hedge accounting – additional information

Bank Zachodni WBK applies hedge accounting in line with risk management assumptions described in 4.2.14 of Additional Notes. Hedging transactions are constructed using one-currency interest rate swaps. Their purpose is to eliminate risk of fair value in hedged instruments stemming from changes in market interest rates. Bank Zachodni WBK applies fair value hedge accounting in relation to the following classes of financial instruments:

- issued debt securities (2Y and 5Y),
- loans sanctioned to corporate clients (5Y and 7Y)
- treasury bonds (4Y).

Details concerning hedge accounting instruments are disclosed in the table below

	IRS hedging own bonds	IRS hedging corporate loans	IRS hedging Treasury bonds
Number of contracts	3	3	2
Nominal value	PLN 404m	PLN 302m	PLN 100m
Fair value adjustment asset/(liability)	PLN (3 633)k	PLN (6 656)k	PLN (3 776)k
Period over which the instruments have an impact on the Bank's results	2003 – 2007	2004 – 2011	2004 – 2008

In order to arrive at the balance sheet fair value of the above instruments, apart from the mark-to-market adjustment it is necessary to take account of the accrued interest totalling PLN 19 786k.
It is also important to highlight that one of the corporate loan's hedging swap and both of Treasury bond's hedging swaps previously functioned as trading vehicles and have been incorporated into hedging structure during their lives. As at 31 December 2004 fair value disclosed in the note represents total figure of fair value accrued over the life of the instruments.

In addition, BZ WBK subsidiaries BZ WBK Finanse & Leasing S.A. and BZ WBK Leasing S.A. concluded IRS transacions with the Bank with a view to hedging the fair value of their issue of bonds and executed lease contracts. Details of the executed transactions are presented in the table below:

Company	BZ WBK Leasing S.A.	BZ WBK Leasing S.A.	BZ WBK Finanse & Leasing S.A.
Number of contracts	41	1	11
Nominal value of the hedging instrument	3Y IRS (PLN 438m)	6M CROSS CURRENCY SWAP (PLN 33m)	3Y IRS (PLN 101m)
Fair value of the hedging instrument	(699)	(2 200)	(1 999)
Hedged risk	Movements in the fair value of the bond issue arising from changes in market interest rates	Movements in the fair value of lease contracts arising from changes in fx rates	Movements in the fair value of lease contracts arising from changes in market interest rates.
Period for which the instruments impact the Companies' results	2004-2007	2004-2005	2004-2007

31.12.2003 **PLN'000**

Instrument	One-currency interest rate SWAP	hedging IRS	FX SWAP	FRA	Euroindex options bought	Bi-currency interest rate SWAP
Number of transactions	131	3	661	32	18	3
Adopted accounting principles	(1)	(4)	(2)	(1)	(3)	(1)
Fair value*	(15 772)	1 148	(3 379)	(4 056)		
Purpose	trading	to hedge fair value of BZ WBK bonds	trading	trading	trading	trading
Nominal value	5 900 208	404 000	10 451 860	2 950 000	471 727	1 023 070
Future income / payments	variable	variable	variable	variable	variable	variable
Maturity	from 08-01-04 to 23-10-08	from 24-10-05 to 23-10-08	from 02-01-04 to 13-08-05	from 03-02-04 to 31-01-05	from 06-02-04 to 28-09-07	from 17-05-04 to 10-02-05
Possibility of early settlement	none	none	none	none	none	none
Price/Range of Prices	from 1.15% to 14.15%	from 5.68% to 6.96%	from 0.93% to 6.42%	from 4.58 % to 5.90%	(45 285)	0.30 % to 5.75%
Possibility to convert into other asset/liability	none	none	none	none	none	none
Set rates/ interest payments dates	variable	variable	variable	variable	variable	variable
Additional collaterals	none	none	none	none	none	none
Other terms & conditions	none	none	none	none	none	none
Type of risk	interest rate	interest rate	FX rate/liquidity	interest rate	interest rate	interest rate/liquidity

(1) Notional amount is posted to off balance sheet accounts. Daily fair valuation is taken to P&L and balance sheet.
(2) Notional amount is posted to off balance sheet accounts. Daily fair valuation is taken to balance sheet and income from FX differences.
(3) Notional amount is posted to off balance sheet accounts. Premium settled under a straight-line method until the option maturity.
(4) Hedge accounting.
* Negative/positive figures mean unrealised income/loss.

Receivables arising from the purchased reverse repo securities - 2004 – terms and conditions /amount and value 4.1./

Subject of transaction	*Scope and type of the instrument*	*Basis of payment calculation*	*Transaction settlement*	*Income, price setting*	*Security for transaction*	*Type of risk*
Instrument 1	Mandated purchase transaction of the Company's ordinary shares listed on WSE	Value of shares calculated acc. to purchase price (excluding brokerage fees)	The client repurchased all shares	Repurchase price represented the value of shares at purchase price increased by a fee; the fee was made up of compensation and the reimbursement of the financial cost according to the average rate of 1M WIBOR for the overall transaction life, plus margin	The primary security were the shares of the Company held by the client	Risk of the client's insolvency. In case this happens, there can also emerge the risk of change in the market price of the Company's shares
Instrument 2	Mandated purchase transaction of the Company's ordinary shares listed on WSE	Value of shares calculated acc. to purchase price (excluding brokerage fees)	The client is obliged to repurchase all shares; the client is entitled to repurchase shares at any earlier date; the Bank has such a right in strictly defined circumstances (e.g. deterioration of the client's financial standing).	Repurchase price represented the value of shares at purchase price compensation and the reimbursement of the financial cost according to the average 1M WIBOR for the overall transaction life, plus margin	The primary security are the shares of the Company held by the client	Risk of the client's insolvency, in case this happens, there can also emerge the risk of change in the market price of the Company's shares
Instrument 3	Mandated purchase transaction of the Company's ordinary shares listed on WSE under the underwriting agreement	Value of shares calculated acc. to purchase price	Shares will be made available to persons indicated by the Client, shares that will not be purchased by the person indicated by the Client will be bought back by the Client	Repurchase price will represent the value of shares at purchase price; fee consist of commission and the financial cost paid monthly according to the average 1M WIBOR	-	Risk of the client's insolvency, in case this happens, there can also emerge the risk of change in the market price of the Company's shares
Instrument 4	Mandated purchase transaction of the	Value of shares calculated acc. to	The client repurchased all shares	Repurchase price represented the value of	The primary security was treasury bonds	Risk of the client's insolvency, in case

	Company's ordinary shares listed on WSE	purchase price (excluding brokerage fees)		shares at purchase price increased by a fee; the fee was made up of commission and the reimbursement of the financial cost according to the average 1M WIBOR for the overall transaction life, plus margin	covered with a blockade	this happens, there can also emerge the risk of change in the market price of the Company's shares
Instrument 5	Mandated purchase transaction of the Company's ordinary shares listed on WSE	Value of shares calculated acc. to purchase price (excluding brokerage fees)	The client has a right to early repurchase all shares at any time; the Bank has such a right in strictly defined circumstances (e.g. deterioration of the client's financial standing.)	Repurchase price will represent the value of shares at purchase price; fee will consist of commission and the financial cost paid monthly according to the average 1M WIBOR for the overall transaction life, plus margin	The primary security are the shares of the Company held by the client	Risk of the client's insolvency, in case this happens, there can also emerge the risk of change in the market price of the Company's shares
Instrument 6	Mandated purchase transaction of the Company's ordinary shares listed on WSE	Value of shares calculated acc. to purchase price (excluding brokerage fees)	The client is obliged to repurchase all shares early; the Bank has such a right in strictly defined circumstances (e.g. deterioration of the client's financial standing.)	Repurchase price will represent the value of shares at purchase price increased by a fee; the fee consists of commission and the reimbursement of the financial cost according to the average 1M WIBOR for the overall transaction life, plus margin	The primary security are the shares of the Company held by the client	Risk of the client's insolvency, in case this happens, there can also emerge the risk of change in the market price of the Company's shares

Sell-Buy-Back transactions

As a result of adjusting accounting policy to the amended Ordinance of the Minister of Finance on special principles of recognition, valuation methods, disclosure scope and manner of presenting financial instruments, Bank Zachodni changed the presentation of Sell-Buy-Back transactions in T-bills. In compliance with the amendment bank doesn't lose control over instruments in SBB transactions. In consequence the transactions are disclosed as repo. Traded securities stay on the balance sheet and are subject to valuation compliant with valuation principles for securities; at the same time, a liability/deposit is posted in repo transactions accounts. In line with an agreement, interest is accrued on the contractually taken deposit.

Based on these principles, as at 31 December 2004, the Bank discloses in its consolidated balance sheet sell-buy-back transactions of 733 253k. At the same time, on the liabilities side, the item 'Repo transactions' includes deposits corresponding to securities in the amount of PLN 732 690k.

b) Methods and significant assumptions adopted for determining fair value of financial assets and liabilities

Valuation of assets and financial liabilities is presented in detail in item 12 of the Introduction to the BZ WBK Group Financial Statements

c) Principles of recognition of financial instruments purchased on the regulated market

Financial instruments purchased on the regulated market are recognized as at the stock exchange transaction date.

The applied standard for the valuation of debt securities is the transaction date.

d) Information on interest rate risk charge, including contractual dates of interest rate changes or payment terms (for all classes of financial assets and financial liabilities, both balance sheet and off balance sheet ones)

financial assets

Instruments with the original maturity in excess of 1 year included in the Bank's portfolio are securities with a variable interest rate, i.e. fixed in each interest period, but variable in individual interest periods. In the case of municipal bonds, the interest is changed on an annual basis. For Mostostal Gdańsk S.A. bonds, the interest changes on a semi-annual basis (according to the conditions of the issue, the bonds should have been redeemed on 28 July 2003. However, the issuer failed to repurchase them. Currently bank is undertaking efforts to recover the receivables).
Instruments with the original maturity up to 1 year are securities with a fixed interest rate.

financial liabilities

Toward the end of 2003, the Bank launched another issue of bonds. These bonds represent the Bank's financial liability with a fixed or variable interest rate and one defined date of redemption without a possibility to be repurchased earlier either by the customer or the Bank.
The bonds offered in Q4 2004 representing the Bank's liability, mature within 2 or 5 years and bear interest at a fixed rate. Interest is capitalized on an annual basis and paid out in lump sum at the redemption date.
Investment bonds offered by BZ WBK Finanse & Leasing S.A. and BZ WBK Leasing S.A. representent a financial liability with a fixed or variable interest rate. These bonds were issued in 2003 and 2004 and have maturity of 3 years.

e) information on credit risk charge, including the value which best reflects maximum credit risk charge as at the B/S date (excluding the value of securities on the property) in the event if the counterparty fails to fulfil the terms and conditions of the agreement on the financial instruments (for all classes of financial assets and liabilities, both on balance sheet and off balance sheet ones)

In order to present the credit risk charge, we present the data used for calculating the solvency ratio in 2004.
Structure of assets according to risk weights

	Balance sheet amount	Weighed value
Assets with 0% risk weight	**8 416 815**	**-**
1. Cash	411 972	-
2. Funds in the obligatory reserve account with the Central Bank	-	-
2a Assets arising from OBS transaction pricing	788 284	-
2b. Accrued interest recognized as suspended income	176 535	-
3. Receivables from class I entities	1 285 019	-
4. Receivables from class II and III entities	251 130	-
5. Debt securities whose issuer is class I entity	5 181 404	-
6. Debt securities whose issuer is class II and III entity	-	-
7. Assets decreasing own funds	322 471	-
Assets with 20% risk weight	**3 174 434**	**634 887**
1. Receivables due from class II entities not covered with 0% risk weight	3 026 325	605 265
2. Receivables due from class III entities – in the collateralized part	148 109	29 622
3. Debt securities whose issuer is class II entity	-	-
4.Class III entity debt securities – in the part guaranteed by class II entity	-	-
Assets with 50% risk weight	**1 384 583**	**692 292**
1. Receivables due from class III entities – in the part secured with mortgage on real estate (inhabited or leased out)	1 107 114	553 557
2. Other B/S settlement accounts	277 469	138 735
Assets with 100% risk weight	**13 097 137**	**13 097 137**
1. Assets not covered with lower risk weights	12 158 344	12 158 344
2. Securities, interests and other elements of the other entities' own funds not covered with lower risk weights	342 625	342 625
3. Fixed assets	595 851	595 851
4. Intangible assets which do not decrease the Bank's own funds	-	-
5. Other assets which do not decrease the Bank's own funds	317	317

Off balance sheet liabilities – 0% counterparty risk weight

	Original exposure method	Mark to market valuation method	Credit equivalent
1. 0% product risk weight	**80**	**-**	**-**
a) Credit commitments in the pipeline with the original maturity up to 1 year with an unconditional termination option	80	-	-
2. 20% product risk weight	**-**	**-**	**-**
3. 50% product risk weight			
a) Open and confirmed letters of credit	-		-
b) Quality guarantee granted and others	-	-	-
c) Credit commitments in the pipeline with the original maturity over 1 year			

Off balance sheet liabilities – 20% counterparty risk weight

	Original exposure method	Market valuation method	Credit equivalent
1. 0% product risk weight	**69 426**	**-**	**-**
a) Credit commitments in the pipeline with the original maturity up to 1 year or with an unconditional termination option	69 426	-	-

2. 50% product risk weight	**97 731**	**-**	**48 866**
a) quality guarantees granted and others	3 247	-	1 624
a) quality guarantees and other irrevocable sanctions in principle sanctioned Letters of credit which are not credit substitute	88	-	44
a) Credit commitments in the pipeline with the original maturity in excess of 1 year	94 396	-	47 198
3. 100% product risk weight	**796 085**	**-**	**796 085**
a) granted guarantees of a credit substitute nature	9 215	-	9 215
b) granted B/E guarantees	-	-	-
c) term deposits with a future starting date of the deposit period	361 359	-	361 359
d) other granted off balance sheet liabilities	425 511	-	425 511

Off balance sheet liabilities –100% counterparty risk weight

	Amount	Credit equivalent
1. 0% product risk weight	**1 721 934**	**-**
a) Credit commitments in the pipeline with the original maturity up to 1 year or with an unconditional termination option	1 721 934	-
2. 50% product risk weight	**3 777 091**	**1 888 547**
a) open and confirmed letters of credit	54 241	27 121
b) quality guarantees granted and others	601 991	300 996
c) Credit commitments in the pipeline with the original maturity in excess of 1 year	3 120 859	1 560 430
3. 100% product risk weight	**154 510**	**154 510**
a) granted guarantees of a credit substitute nature	154 510	154 510
b) other off balance sheet liabilities granted	-	-

Credit risk capital requirement is calculated as a sum of assets and granted risk weighted off-balance sheet guaranties multiplied by 8%.
The total of risk-weighted assets is calculated as a total value of every asset category multiplied by percentage risk weight assigned to them.
Classification of assets and off-balance liabilities granted is made in line with Banking Supervision Commission Act no. 5/2001

4.2.2. Financial assets available for sale and held for trading, stated at the amortized cost; if fair value of these assets cannot be reliably determined, their balance sheet value should be indicated together with reasons why it is impossible to state credibly their fair value and the estimated fair value

Bank Zachodni WBK Group does not value financial assets available for sale or held for trading at amortized cost.

4.2.3. Financial assets and liabilities that are not stated at fair value:

a) data on their fair value; if for justified reasons the fair value of such assets or liabilities has not been determined then this fact should be disclosed and the basic profile be given for financial instruments which otherwise would be stated at the price set based on the active regulated market where public trading in financial instruments is conducted and the information on such a price is commonly available.

It should be noted that if as at a reporting date it was not possible to determine a reliable market value of a given asset because there were no quotations on the active regulated market or no adequate methods for setting a fair value, or if input data to a given model was not available or sufficiently reliable, a given asset was stated at the purchase price while taking into account potential impairment charges. In most cases, they are low equity investments with a minimum shareholding or number of votes at the AGM of a given company.

b) in case the fair value of financial assets and liabilities is lower than their balance sheet value, the balance sheet value and the fair value of the asset should be given together with the reasons for abandoning the revaluation charges and rationale behind the belief that the indicated value can be recovered in the full amount

There is no such case in Bank Zachodni WBK Group.

4.2.4. In the case the issuer was a party to an agreement pursuant to which financial assets are converted into securities or to a buy-back agreement, the following should be presented for each transaction separately:

a) nature and size of the concluded transactions including the description of accepted or granted guarantees and security covers, data adopted for calculating the fair value of interest income related to both contracts concluded in a given period as well as those concluded in previous periods, both completed and pending for a given period
b) information on financial assets excluded from accounting books

Stalexport S.A.

On 20 March 2003, at the request of Stalexport SA, the Management Board of Bank Zachodni WBK agreed to swap a part of the Stalexport's debt to the Bank under settlement agreement (PLN 13 800k) to Stalexport's shares. The debt / equity swap was formally effected on 28 August 2003 by making relevant records in the Bank's ledger.
As a result, the Bank took up 6 900 325 E series shares of the nominal value PLN 2 each, i.e. PLN 13 800k in total. On 15 March 2004, the Bank sold 1,000,000 shares at the total price of PLN 3 852 k. The remaining securities represent 5.48% of the Stalexport share capital and carry 5 900 325 (5.48%) votes at the AGM. Bank Zachodni WBK has one representative on the Stalexport Supervisory Board. Shares in Stalexport SA are recognized at purchase price adjusted for impairment.

4.2.5. Effects of fair valuation of financial assets available for sale

This information is included in the movements in equity (see revaluation reserve) in the tabular part of the financial statements.

4.2.6. Information on income and costs on financial assets available for sale, which were removed from the balance sheet (sold, liquidated)

The table shows trading in shares and interests from the bank's portfolio available for sale effected in 2004

Income from sale	**6 210**
Cost	**(1 817)**

Transactions in debt securities* executed in 2004 are presented in the table below:

Income from sale	**936 937**
Cost	**(946 304)**
Accrued discount	**(13 761)**
Loss	**(23 128)**

***secondary market**

Income arising from trading in debt securities and other securitiesby subsidiaries in 2004 is presented in the table below:

Income	**1 210**
T-bills	486
Participation units	724

4.2.7. Information on income and costs arising from the sale of financial assets whose fair value could not have been credibly stated earlier and indication of the balance sheet value of assets set as at the sale date

There was no such case in Bank Zachodni WBK Group.

4.2.8. In the case of reclassifying financial assets stated at fair value to assets stated at adjusted purchase price, reasons for changing the valuation principles need to be provided

Such a situation arose in Bank Zachodni WBK Group in case of Stalexport SA which is described in item 4.2.4.

4.2.9. In case of revaluation charges due to financial assets impairment or if the reason ceased for which such charges were made and the value of the asset was increased, it is necessary to provide amounts decreasing or increasing the value of financial assets

No.	Specification	Value acc. to purchase price 01.01.2004	Fair value as at 01.01.2004	Increase in the revaluation charge	Decrease in the revaluation charge	Sales of assets (value acc. to purchase price)	Fair value as at 31.12.2004
	SHARES						
1.	Stalexport S.A.	13 800	10 350	-	500	(2 000)	8 850
	DEBT SECURITIES						
1.	Municipal bonds of Środa Śląska	7 400	7 400	(111)	-	-	7 289
	TOTAL	**21 200**	**17 750**	**(111)**	**500**	**(2 000)**	**16 139**

4.2.10. Interest income on debt securities, advances granted or receivables originated by the bank calculated by means of interest rates on concluded contracts, with a break-down into the categories of assets that the interest refers to; it is necessary to separately disclose the realized and unrealized interest

Unrealized interest by maturity

	Treasury bonds and bills	NBP Bonds	Municipal bonds
Up to 3 months	27 726	28 140	61
From 3 to 12 months	92 588	-	1 552
Bank in total	**120 314**	**28 140**	**1 613**
Up to 3 months	132	-	-
From 3 to 12 months	458	-	-
Companies in total	**590**	**-**	**-**

4.2.11. As regards the revaluation charges in respect of advances granted or receivables originated by the bank, it is necessary to disclose interest accrued but not cashed on those receivables

As at 31 December 2004, the accrued and unrealized interest on receivables originated by Bank Zachodni WBK Group totalled PLN 178 663k.

4.2.12. Interest expense on financial liabilities calculated by means of interest rates on concluded contracts, with a break-down into interest expense related to liabilities held for trading, other short-term and long-term financial liabilities; costs of realized and unrealized interest for a given period should be disclosed separately

Interest accrued and unpaid - consolidated	
Deposits from the financial sector	***14 702***
- current	24
- term	14 678
Deposits from the non-financial sector	***112 008***
- current	196
- term	111 812
Deposits from the public sector	***752***
- current	114
- term	638

4.2.13. Information on the notional amount of base instruments subject to derivative instruments contracts

Such information is included in Additional Note no. 4.2.1.

4.2.14. Objectives and principles of risk management

One of the key objectives of Bank Zachodni WBK is to create strong and stable value for shareholders, while safeguarding customer deposits. To this end, the Bank must employ proper mechanisms for identification, control and management of the various risks to which the Bank is exposed.

The following three risk areas may be identified in Bank Zachodni WBK S.A: market risk (including but not limited to interest rate risk, liquidity risk and FX risk), credit risk and operational risk.

Market risk

Management structure

As part of the Bank's risk management policy, the Bank's Management Board designated the Assets and Liabilities Committee as a body responsible for strategic balance sheet management and for ensuring compliance with the policies covering the liquidity risk, interest rate risk and FX risk.

At the monthly meetings, ALCO monitors the Bank's exposure against its capital base and the limits defined by the external regulators (e.g. governmental or banking supervision bodies), AIB Group or the Bank's authorities.

ALCO members are senior managers from individual divisions which generate and manage the market risk.

The market risk is managed centrally in the Treasury Division. With a direct access to the financial market (including the money market and derivatives market), this unit effects relevant purchase/sale transactions in order to maintain – within the binding limits – the market risk associated with the Bank's retail, commercial or corporate operations.

The Treasury Division receives support from the Assets and Liabilities Management Department, which is responsible for ongoing identification and measurement of the market risk arising from retail, commercial and corporate operations of the Bank and for transferring this risk to the Treasury Division.

Liquidity risk

Bank Zachodni WBK manages liquidity risk in accordance with its liquidity policy.

The policy is to counter-balance the contracted or contingent outflows with expected / contracted inflows or realisation of liquid assets (mainly debt securities) to resist any extraordinary or crisis situations triggered both by internal factors (e.g. sudden increase in the value of facilities drawn under the sanctioned credit lines) or external ones (e.g. material drop in liquidity on the FX swaps market).

The policy covers all assets and liabilities as well as off-balance sheet items (both PLN and FX – denominated) impacting the liquidity level. Contractual and behavioural maturity is also taken into account, based on the statistical analysis of stability of the deposit base and the credit portfolio.

Daily reports present the liquidity risk as liquidity gaps both in individual time periods and in a consolidated form.

There is also a contingency plan in place to cater for critical liquidity problems. A multi-pronged plan sets forth clearly defined guidelines and scope of responsibilities in the case of critical liquidity problems arising from either internal or external factors.

Interest rate risk

Bank Zachodni WBK pursues an interest rate risk management policy in order to reduce the Bank's exposure to adverse fluctuations.

The risk is measured as the Potential Maximum Loss (PML) resulting from negative interest rate changes. PML is estimated at the 99% trust level, based on the 3-year fluctuation history, while assuming a 1-month period of maintaining the FX position.

FX risk

The FX risk policy of Bank Zachodni WBK serves as the major document regulating the management of FX risk. The policy reduces the Bank's exposure to adverse fluctuations of the FX rates which might affect the value of the FX portfolio.

The FX risk is measured as the Probable Maximum Loss (PML) resulting from open FX positions and negative FX rate movements. PML is estimated at the 99% trust level, based on the 3-year fluctuation history.

In addition to the limits that curtail the Probable Maximum Loss for individual currencies, total positions and intraday and overnight positions, there are also stop-loss limits applied.

There is also a contingency plan in place to cater for critical FX problems

Management of structural balance sheet risk

Within the mainstream of its active balance sheets management, Bank Zachodni WBK identified balance sheet items which resist general interest rate fluctuations. The Bank's books show a surplus of liabilities over assets resistant to general interest rate fluctuations. The resultant net position generates a variable revenue stream shaped by the level of interest rates.

In order to limit the fluctuations arising from the balance sheet structure, Bank Zachodni WBK follows the policy of managing net liabilities resistant to interest rate movements. In compliance with this policy, the ALCO Committee monitors positions of transactions hedging risk posed by the structure of balance sheets.

Own funds management

In order to ensure sufficient equity to match the current and future size of the Bank Zachodni WBK operations and to eliminate the related risks, the Bank's policy will endeavour to maintain a strong capital base.

As at 31 December 2004, the Bank's own funds added up to PLN 3,011.8m with a solvency ratio at 12.46%. The respective figures for Bank Zachodni WBK Group amounted to PLN 3,021.9m and 12.92%.
The effectiveness of the Bank's funds is safeguarded through the management of the structural balance sheet risk.

Credit risk

Bank Zachodni WBK credit delivery activities focus on increasing a high quality loan book with a good yield and customer satisfaction.

Credit risk arises mainly from lending activities on the retail, corporate and inter-bank markets. This risk is managed as part of the policy approved by the Management Board on the basis of the adopted credit delivery processes and procedures as well as on the basis of discretionary limits allocated to individual credit officers based on their knowledge and experience. The Bank's internal system of credit grading and monitoring enables the staff to identify likely defaults that might impair the loan book.

Credit Forum

To effectively manage credit risk, Bank Zachodni WBK established a decision making body known as Credit Policy Forum whose key role is to develop and approve credit policies, best practices, sectoral analyses, credit grading systems and credit risk assessment addressed for the Branch Network and BSC units directly responsible for business growth and support. The Credit Policy Forum is a platform for arrangements and communication with the use of best practices of the Poland Division and the AIB Group with regard to managing risk-weighted assets. The Credit Policy Forum is composed of senior representatives of individual Bank Zachodni WBK divisions.

Credit policies

Credit policies contain guidelines for identification and assessment of areas where specific types of risks manifest themselves, also providing for the methods of limiting those risks to a level acceptable to the Bank (e.g. FX risk in the case of foreign currency loans). Credit policies comply with the AIB Group standards and are adapted to the specificity of the local credit market.

In 2004 Bank Zachodni WBK performed a periodical review of its key credit policies (e.g. policy on lending to the clients classified in the 'watch' grade), taking into consideration the assumptions of the adopted strategy and changes in the external conditions.

Credit grading

In 2004 Bank Zachodni WBK S.A. aligned its credit grading system with the new legislative developments in Poland and preserved its conservative approach to risk assessment.
Also, intensive work has been undertaken to develop internal scoring / rating systems dedicated to the biggest loan books which conform to the New Capital Accord and the Capital Requirement Directive. These efforts are accomplished in close liaison with external, internationally recognized advisors and are being coordinated by AIB Credit Risk Management.

Provisioning

Bank Zachodni WBK creates provisions in line with the applicable laws. Because of amendments to these laws (Ordinance of the Finance Minister dated 10 December 2003 regarding creation of provisions against risks associated with banking activities, Journal of Laws no. 218, section 2147), the Bank decided to review its NPL portfolio, assuming a conservative approach to the valuation of those collateral items which may reduce the provisioning basis.

At the same time, Bank Zachodni WBK was working towards adoption of the new provisioning rules compliant with IFRS 39 starting from January2005.

Ensuring adequate level of specific provisions is the responsibility of the *Provisions Committee*.

Risk return

Bank Zachodni WBK continues to implement risk based methods of grading loans, allocating capital and measuring returns.

Credit decision making process

The process of credit decision making as embedded in the risk management policy is based upon discretionary limits vested in lending officers, commensurate with their knowledge and experience relating to particular activities (corporate banking, commercial banking and retail banking). Credit exposures in excess of PLN 15,000,000 are referred to the Credit Committee composed of senior managers and top executives of BZ WBK.

Bank Zachodni WBK continually strives to ensure best quality credit service to meet the borrowers' expectations and relevant risk policy standards. To this end, the Bank created the roles of Chief Credit Officer and Credit Directors whose job is to make credit decisions and ensure good quality of the loan books. This approach will allow to segregate the sales process from the credit risk approval function.

In terms of retail banking products, Bank Zachodni WBK has been implementing scoring systems. The process started two years ago when decision making systems capable of assessing retail customers' requests for selected products were implemented. This year will bring harmonisation of decision platforms and implementation of application scoring for further retail banking products as well as behavioural scoring for bank accounts. Scoring will also be applied to smaller companies. This action aims at improving the quality of risk management across the retail

loan book, accelerating decision making processes and ensuring compliance with the Basel requirements. There are also plans to use scoring towards calculation of provisions under IFRS 39. Scoring is being implemented with the assistance of internationally recognized consulting firms.

Credit reviews

Demonstrating the utmost care about the loan book quality, Bank Zachodni WBK performs regular reviews to ensure conformity with the best credit practices, to determine the actual quality of the credit portfolio, to confirm that adequate credit grading and provisioning processes are in place and to objectively assess professionalism in credit management. The reviews are performed by the Credit Quality Assurance Department which is a function independent of the risk-taking units.

In 2004 Bank Zachodni WBK S.A. aligned its credit grading system with the new changes arising from the Finance Ministry's Ordinance and preserved its conservative approach to risk assessment. The loan book was also reviewed in relation to impairment of particular credit exposures in line with IFRS 39.

Operational Risk

Operational risk is exposure to losses related to the failure of internal processes, human and system errors and external factors.

Operational risk management in the Bank Zachodni WBK Group is operated at the following three levels of responsibility:

- All organizational units responsible for operational risk that may manifest itself in the area of their operations (identification of risk across conducted activities and implemented changes, assessment of controls, risk ratio monitoring, loss reporting, learning lessons from operational losses so as to eradicate any imperfections which contributed to their occurrence and to rule out reoccurrence of such incidents in the future);
- The Operational Risk Management (ORM) Team is responsible for coordination of the whole process (creation of policies, systems, new tools, providing support to other units, reporting, analysis, maintenance of databases containing ORM related information, initiating the lessons-learned process);
- Internal Audit is responsible for overseeing and assessing the quality of operational risk management (independent assessment of the process, review of risk identification standards and assessment of control mechanisms).

Furthermore, there is an Operational Risk Management Committee in the Bank, which provides a forum for official discussions about operational risk issues, sets and monitors ORM objectives and prioritizes high risk issues that are presented to the Bank's Management Board.

In accordance with to the "Bank Zachodni WBK Information Security Policy" and its supporting standards, the Bank is pursuing an active risk management policy in this respect. A risk analysis is being performed across and IT systems. All projects are being reviewed for compliance with the existing standards and any information confidentiality, integrity or availability threats are being followed up .

Bank Zachodni WBK has adopted Business Continuity Management policies and standards to analyze any needs with regard to business continuity management. There are also relevant plans in place, which are developed and updated.

Other operational risk areas the Bank focuses on include anti money laundering, fraud prevention and personal data protection.

Bank Zachodni WBK Group is also developing an ORM methodology compliant with AIB standards and reflecting NBP and Basel recommendations.

Selected subsidiaries of Bank Zachodni WBK S.A.

BZ WBK Leasing and BZ WBK Finanse&Leasing S.A.

The purchase of fixed assets for leasing purposes requires access to adequate funding sources with the concurrent fulfilment of targets set out in the companies' financing policy:

Timely settlement of companies' liabilities, minimisation of settlement risk and supplier risk

The timely settlement of companies liabilities is understood first of all as making payments to lease assets suppliers at the dates allowing for the quick collection of the asset by its user. The loans raised by the companies and the bonds issued by them serve this purpose. In the view of the Management Boards of the companies, the design of the loans agreements as well as the management of the short- and long-term liquidity prevent the threat of failure to meet their liabilities.

Minimization of the liquidity risk

As at 31 December 2004, the companies had agreements concluded with three banks referring to credit lines financing the leasing business. Apart from loans, the companies had liabilities arising from the bonds issued in 2003-2004.

Minimisation of the interest rate risk

The companies actively manage their position as regards interest rate risk. Both fixed rate- based assets and liabilities are hedged by IRS transactions.

Minimisation of the fx risk

The companies minimise the fx risk by applying the principle of financing lease contracts with matched currency liabilities. Additional instruments supporting the fx position management are forward fx transactions.

Minimisation of the operational risk

In view to mitigate material operational risks associated with business operations, the companies have followed through the following actions:

- they have liaised with Bank Zachodni WBK S.A. on a on-going basis as regards implementation of best practices and policies of operational risk mitigation,
- they have implemented policies and standards re. operational risk, data protection, information security and money laundering prevention,
- in 2004, they started work on the implementation of a new BCM policy,
- in 2004, they conducted two BCM tests in the back-up location which were successfully completed.

BZ WBK Faktor Sp. z o.o.

The Management Board of BZ WBK Faktor Sp. z o.o. who is responsible for managing the company's risk passed its powers to the following Departments: Risk Assessment Department and Operational Department. These departments are responsible for managing individual risk areas, monitoring the company's general risk on a on-going basis and for shaping the current policy within the framework set by the Management Board.

Market risk management

The Management Board of BZ WBK Faktor Sp. z o.o. is responsible for the strategic management of the balance sheet. Its main areas of activity include management of capital, funding sources and liquidity as well as market risk identification and its management. BZ WBK Faktor Sp. z o.o. manages its liquidity within the framework set out by AIB Group and the company's Supervisory Board.

Liquidity risk management

BZ WBK Faktor Sp. z o.o. monitors its liquidity position on a on-going basis. This involves the need to take account of the funds paid out by the company and client funding within the financing limit set by Bank Zachodni WBK S.A. On a daily basis, the Operational Department monitors the pay outs to clients related to their financed invoices and repayments made by their debtors.

Factoring (credit) risk management

The factoring activity of the company focuses on the growth in the factoring turnover and the resultant growth of the factoring portfolio, ensuring at the same time top quality, good profitability and customer satisfaction.

The factoring risk is managed based on the polices defined by the Management Board, accepted factoring processes and procedures as well as based on the discretionary limits system adjusted to the knowledge and experience of the management cadre. The internal monitoring and customer grading systems applied by BZ WBK Factor Sp. z o.o. allow for early recognition of threats to the quality of the factoring book.

Operational risk management

In each of operational risk management areas (external IT providers, back-office outsourcing through Bibby Factors Polska, fraud prevention, business continuity), BZ WBK Faktor Sp. z o.o. has identified key risks, which are monitored and controlled on an on-going basis.

As part of the operational risk management, Faktor co-operates closely with Bank Zachodni WBK S.A., in particular, in reference to counteracting money laundering, operational risk self-assessment and analysis, fraud prevention, personal data protection, etc.

4.2.15. Hedge accounting principles applied to fair value hedging, cash flow hedging and hedging of investments in foreign entities

Bank Zachodni WBK Group applies the hedge accounting for hedging the fair value. The adopted principles have been described in the Introduction to the BZ WBK Group's Consolidated Financial Statements and in item 4.2.1 of Additional Notes.

4.2.16. In the case of hedging a planned transaction or probable future liability, provide information about the purposes and principles of financial risk management, taking account of a break-down into hedges of basic types of planned transactions or probable future liabilities

Bank Zachodni WBK Group does not apply the hedge accounting in respect of planned transactions or probable future liabilities.

4.2.17. If gains or losses on the valuation of hedging instruments, being both financial derivatives as well as assets or liabilities of a different profile, in the case of cash flow hedging impacted the revaluation reserve

The effects of fair value hedging are fully recognized in Profit & Loss account.

5. Information about share subscription option contracts or sales of ordinary share option contracts

As at 31 December 2004, Bank Zachodni WBK Group did not conclude any share subscription option contracts or sales of ordinary share option contracts.

6. Detailed information about assets which constitute security for own liabilities and liabilities of a third party and the value of liabilities which are secured by these assets

As at 31 December 2004, debt securities in Bank Zachodni WBK represented the security for an advance from a Banking Guarantee Fund. Details are provided in Note 6B.
As at 31 December 2004, in Bank Zachodni WBK subsidiaries, assignments of receivables and guarantees backing loan agreements totalled PLN 308 979k.

7. Repo/reverse repo transactions not included in the balance sheet

As at 31 December 2004, Bank Zachodni WBK Group's balance sheet does not include any repo/reverse repo transactions.

8. Sanctioned financial liabilities, including irrevocable liabilities

Letter of credit backing the payment for bonds of Autostrada Wielkopolska S.A

On 31 October 2000, the Bank took up 1 752 B series bonds of Autostrada Wielkopolska S.A. The purchase price is the PLN equivalent of EUR 6 250k. The final redemption date is 31 May 2037.

Payment for taking up the bonds was backed with a letter of credit opened for that purpose. The drawdowns are in PLN based on the exchange rate as at the drawdown dates. At any time, AW S.A. can demand a payment of a subsequent tranche. By 31 December 2004, the drawdown from the letter of credit totaled PLN 24 986k which represents the equivalent of EUR 6 126k. The equivalent of EUR 124k is still to be paid. In line with the adopted schedule, the total amount was to be paid by 2004-end, however due to delays in the schedule of drawdowns, the letter of credit has not been utilized.

Unpaid part of the share capital of Commercial Union Polska Towarzystwo Ubezpieczeń na Życie S.A.

Bank Zachodni WBK has 4 125 shares of Commercial Union Polska Towarzystwo Ubezpieczeń na Życie S.A. with the total nominal value of PLN 8 250k. The shares were taken up in two parts: in December 1992 (PLN 145k) and December 1999 (PLN 8 722k). As a result, the total value of the purchased shares is PLN 8 867k. However, in 1999, the share capital was not paid by all shareholders. The unpaid part due from the Bank is PLN 821k and represents its liability towards the Company. So far, there has been no need to pay the outstanding amount, as the Company's performance did not require obtaining funds from that source.

Withdrawal of a part of the share capital of BZ WBK Nieruchomości S.A. i Wspólnicy Spółka Komandytowa

On 22 December 2004, Bank Zachodni WBK S.A. concluded an agreement with BZ WBK Nieruchomości S.A. (the Bank's subsidiary) on changing the limited partnership BZ WBK Nieruchomości SA i Wspólnicy spółka komandytowa agreement. The main subject of the agreement is lowering the contributions of partners: Bank Zachodni WBK S.A., as a limited partner, to PLN 21,797k and BZ WBK Nieruchomości S.A., as a general partner, to PLN 2k. In view of the above, it was decided to pay back the contribution of PLN 6 837k to Bank Zachodni WBK made by it in January 2005. Till the capital registration, the amount of PLN 6 837k represents the Bank's liability.
At the same time, Bank Zachodni WBK liability as a limited partner was capped at PLN 21 797k representing a commandite sum to PLN 21 797k.
Bank Zachodni WBK participates in the Company's profits and losses pro rata to its contribution, i.e. 99.99%.

BZ WBK Nieruchomości S.A

Bank Zachodni WBK has a 99.99% shareholding in BZ WBK Nieruchomości S.A. The Company's share capital totals PLN 250k. In line with art. 308 § 1 and art. 624 § 2 of the Commercial Companies Code, the share capital must be increased up to PLN 500k by 2005-end.

9. Information about off-balance sheet liabilities, in particular about contingent liabilities including a list of granted civil law and bank guarantees (also b/e and other commitments of a guarantee nature), separating the ones granted to connected entities

Contingent liabilities – granted and received

	31.12.2004	*31.12.2003*
Granted liabilities:	**4 739 854**	**4 374 730**
- financing-related	**4 035 037**	**3 786 813**
of which: import letters of credit	54 078	70 394
of which: credit lines	3 619 600	3 350 983
- guarantees	**704 817**	**587 917**
of which: confirmed export letters of credit	3 247	-
Received liabilities:	**614 239**	**533 857**
Total	**5 354 093**	**4 908 587**

As at 31.12.2004, the Bank granted guarantees for the total of PLN 704 817k, of which PLN 20k represents guarantees granted to the connected entities /BZ WBK Nieruchomości S.A./. Guarantees granted to the subsidiaries BZ WBK Leasing S.A. and Dom Maklerski BZ WBK S.A. were eliminated as part of inter-company transactions.

Liabilities related to sell/buy transactions

	31.12.2004r.	*31.12.2003r.*
1. Fx transactions	**19 920 880**	**21 426 109**
- bought foreign currencies	9 976 810	10 658 112
- sold foreign currencies	9 944 070	10 765 599
- differences arising on SWAPs	-	2 398
2. Transactions in securities	**1 247 982**	**1 256 926**
- securities to be released	1 148 052	1 073 096
- securities to be received	99 930	183 830
3. Transactions in financial instruments	**44 085 127**	**18 568 830**
- bought	22 841 346	10 549 906
- sold	21 243 780	8 018 924
Total	**65 253 989**	**41 251 865**

10. Information about the proposed dividend payment if it has not been formally approved, and also about not disclosed cumulated dividends from preference shares

Bank Zachodni WBK will allocate 40% of net profit as a dividend. Dividend per share will be PLN 2.43 /PLN 0.32 for 2003 / no. of shares 72 960 284.
Management Boards of Bank Zachodni WBK two subsidiaries presented a 2004 profit distribution proposal allocating PLN 22 833k to the dividend.

11. Information about the dividend approved for payment

Bank Zachodni WBK has not approved formally the dividend amount yet.
Companies composing Bank Zachodni WBK Group have not approved formally the dividend amount yet.

12. Liabilities towards the State Treasury or local government units arising from gaining the ownership title to buildings and structures

As at 31 December 2004, Bank Zachodni WBK Group did not have any liabilities towards the State Treasury or local authorities units arising from gaining the ownership title to buildings or structures.

13. Income, costs and impact of discontinued operations in the accounting period or of the operations planned to be discontinued in the next period with the reasons behind that

On 22 April 2004, Bank Zachodni WBK S.A. sold 850,000 registered shares of CardPoint S.A. based in Poznań. The stake accounted for 100% of CardPoint S.A.share capital. The buyer of the entire shareholding was NOVA EUROCONEX HOLDINGS B.V. based in Holland.

The CardPoint company's business is acceptance of transactions executed by means of payment and credit cards. At the moment of sales, this activity was fully spun off from the operations and services provided by BZ WBK Group. Therefore, in line with IFRS 5, operations conducted by CardPoint are considered as discontinued operations.

CardPoint – selected financial highligths as at 31 March 2004.

Balance sheet total	8 233

Income	17 329
Costs	(18 914)
Operating profit/loss	(1 585)

Tax charges	238
Net profit/loss	(1 347)

Cash flows from operating activities	(581)
Cash flows from investment activities	(273)
Cash flows from financing activities	41

Profit on the sales transaction executed by BZ WBK Group (before taxation)	55 135

14. Costs of commenced investments and production of fixed assets for the bank's own needs

31.12.2004

As at 31 December 2004, the investments commenced in Bank Zachodni WBK Group were PLN 15 491k. Commenced investments in hardware and other assets totaled PLN 6 154 k and the construction investments as well as the original furnishing of outlets totaled PLN 9 337k.

31.12.2003

As at 31 December 2004, the investments commenced in Bank Zachodni WBK Group were PLN 12 659k. Commenced investments in hardware and other assets totaled PLN 110 953k and the construction investments as well as the original furnishing of outlets totaled PLN 1 706k.

15. The capital outlays incurred and planned for the upcoming 12 months from the balance sheet date, including outlays for non-financial fixed assets

The capital expenditure incurred by Bank Zachodni WBK in 2004 totaled PLN 60 610k:

- information technology PLN 49 186k,
- real estate PLN 11 424k,

The capital outlays (cash flows) of Bank Zachodni WBK planned to be incurred over the next 12 months are PLN 103 955k.

In 2004, BZ WBK subsidiaries incurred capital outlays of PLN 4 961k and the planned outlays for the next 12 months total PLN 8 934k.

16.1 Information about the issuer's transactions with connected entities, including entities connected with Bank Zachodni WBK in terms of capital or organization as stipulated by the Banking Law, with regard to transferring rights and liabilities, taking account of the Bank's credit policy and a percentage share related to transactions with these entities

Receivables	of which, from fully consolidated subordinated entities	of which, from subordinated entities accounted for using an equity method	of which, from a parent company (AIB Group)	**Total 31.12.2004**
Amounts due from financial sector	234 590	9	1 146 759	1 381 358
Short-term	43 088	5	1 039 309	1 082 402
Long-term	191 502	4	107 450	298 956
Amounts due from non-financial sector	3	-	-	3
Short-term	3	-	-	3
Long-term	-	-	-	-
Other assets	684	-	51 325	52 009
Total	**235 277**	**9**	**1 198 084**	**1 433 370**

Receivables	of which, from fully consolidated subordinated entities	of which, from subordinated entities accounted for using an equity method	of which, from a parent company (AIB Group)	Total 31.12.2003
Amounts due from financial sector	517 932	-	506 126	1 024 058
Short-term	197 278	-	460 575	657 853
Long-term	320 654	-	45 551	366 205
Amounts due from non-financial sector	-	14	-	14
Short-term	-	14	-	14
Long-term	-	-	-	-
Other assets	26 230	-	26 649	52 879
Total	**544 162**	**14**	**532 775**	**1 076 951**

As at 31 December 2004, the above transactions accounted for 7.64 % of amounts due from the financial, non-financial and public sectors (as at 31.12.2003 – 7.63%) – 7,63 %)

Liabilities	of which, toward fully consolidated subordinated entities	of which, toward subordinated entities accounted for using an equity method	of which, toward a parent company (AIB Group)	Total 31.12.2004
Amounts due to financial sector	404 348	60 116	2 600	467 064
Short-term	404 348	60 116	2 600	467 064
Long-term	-	-	-	
Amounts due to non-financial sector	1 818	448	-	2 266
Short-term	1 818	448	-	2 266
Long-term	-	-	-	-
Other liabilities arising from financial instruments	16 841	-	-	16 841
Special funds and other liabilities	13 189	-	26 527	39 716
Costs and income settled over time	640	-	-	640
Total	**436 836**	**60 564**	**29 127**	**526 527**

Liabilities	of which, toward fully consolidated subordinated entities	of which, toward subordinated entities accounted for using an equity method	of which, toward a parent company (AIB Group)	Total 31.12.2003
Amounts due to financial sector	238 251	72 109	226	310 586
Short-term	238 251	72 109	226	310 586
Long-term	-	-	-	-
Amounts due to non-financial sector	1 781	356	-	2 137
Short-term	1 781	356	-	2 137
Long-term	-	-	-	-
Other liabilities arising from financial instruments	-	-	-	-
Special funds and other liabilities	35	-	21 503	21 538
Costs and income settled over time	-	-	-	-
Total	**240 067**	**72 465**	**21 729**	**334 261**

As at 31 December 2004, the above transactions accounted for 0.14 % of amounts due from the financial, non-financial and public sectors (as at 31.12.2003 – 1.75%).

16.2. Information pertaining to connected entities, about:
a) receivables and liabilities
b) costs and income, including interest and commissions, costs of provisions for loans and advances
c) sanctioned financial liabilities including irrevocable ones

d) other information necessary for producing the consolidated financial statements

Information about receivables and liabilities is presented in item 16.1.
Detailed figures in respect of the Bank's liabilities are presented in item 9.

Income on transactions with connected entities

	of which, with fully consolidated subordinated entities	of which, with subordinated entities accounted for using an equity method	of which, with a parent company (AIB Group)	**Total 01.01-31.12.2004**
Interest income	12 659	1	31 366	44 026
Commission income	21 493	7	-	21 500
Other operating income	5 992	562	-	6 554
Income from shares or interests	-	-	(1 763)	(1 763)
Total	**40 144**	**570**	**29 603**	**70 317**

	of which, with fully consolidated subordinated entities	of which, with subordinated entities accounted for using an equity method	of which, with a parent company (AIB Group)	**Total 01.01-31.12.2003**
Interest income	26 602	-	68 417	95 019
Commission income	26 802	15	-	26 817
Other operating income	12 203	647	-	12 850
Total	**65 607**	**662**	**68 417**	**134 686**

Costs of transactions with connected entities

	of which, with fully consolidated subordinated entities	of which, with subordinated entities accounted for using an equity method	of which, with a parent company (AIB Group)	**Total 01.01- 31.12.2004**
Interest expense	20 107	975	34	21 116
Commission expense	782	35	-	817
Other operating costs	25	-	-	25
Costs of bank's operations	24	98	25 631	25 753
Profit on financial operations			3 821	3 821
Total	**20 938**	**1 108**	**29 486**	**51 532**

	of which, with fully consolidated subordinated entities	of which, with subordinated entities accounted for using an equity method	of which, with a parent company (AIB Group)	**Total 01.01-31.12.2003**
Interest expense	14 665	5	11	14 681
Commission expense	1 567	-	-	1 567
Other operating costs	255	160	-	415
Costs of bank's operations	104	-	33 187	33 291
Profit on financial operations	-	-	46 964	46 964
Total	**16 591**	**165**	**80 162**	**96 918**

The following consolidation eliminations related to intercompany transactions of fully consolidated entities were made:

- assets were decreased by PLN 685 945k, including:
  - amounts due from the financial and non-financial sector by PLN 656 143k,

  - debt securities by PLN 5 360k,
  - other securities and other financial assets by PLN 19 461k,
  - other assets by PLN 1 861k,
  - prepayments by PLN 3 120k,
- liabilities were decreased by PLN 685 945k
  - amounts due from the financial and non-financial sector by PLN 641 513k
  - liabilities arising from debt securities by PLN 5 309k,
  - other liabilities arising from financial instruments by PLN 19 461k,
  - special funds and other liabilities by PLN 16 492k,
  - income and costs settled in time by PLN 640k,
  - profit/loss from the previous years by PLN 1 737k,
  - net profit/loss by PLN 793k.
- OBS items were decreased by PLN 4 937 956k
- Costs were decreased by PLN 60 833k, including:
  - Interest expense by PLN 34 588k,
  - Commission expense by PLN 18 299k,
  - Operating costs by PLN 7 709k,
  - Other operating costs by PLN 237k
- Income was decreased by PLN 61 626k, including:
  - Commission income was reduced by an amount of PLN 33 645k,
  - Income from fees by PLN 28 512k,
  - Net income from the sale of products, goods and materials PLN (6 606)k,
  - Other operating income by PLN 6 075k

Al.l the transactions were executed at arms length

17. Information on joint undertakings, which are not subject to consolidation

In 2004, entities of Bank Zachodni WBK Group did not participate in joint undertakings with other entities, which are not subject to full consolidation.

18. Income and costs of the Bank's brokerage operations

BZ WBK Brokerage House and BZ WBK Asset Management – subsidiaries of Bank Zachodni WBK S.A. – run brokerage operations within the Bank Zachodni WBK Group. Income from the brokerage operations totaled PLN 75 479k in 2004, while costs were PLN 53 197k.

19. Write downs of irrecoverable receivables against costs, broken into write down categories and manners – against the raised provisions, against costs on financial operations and against the other operating costs, with the specification of losses incurred due to loans and advances

Until 1 July 2003, the BZ WBK Write down and Write Off Manual introduced by way of Management Board Member's Ordinance no. 221/2001 dated 7 December 2001 with subsequent amendments was in force. Since 2 July 2003 regulations set forth in the BZ WBK S.A. Write down and Write Off Manual introduced by way of Management Board Member's Ordinance no. 104/2003 dated 26 June 2003 have been applied.

In accordance with the said regulations, write down against provisions can be applied only when the provision covers the whole principal to be written down /except for cases when only interest is written down/.

In 2004, in Bank Zachodni WBK S.A. the write-off and write-down totalled PLN 35 221k while the central write-off against the provisions totalled PLN 223 456k
In the same period, BZ WBK Leasing S.A. and BZ WBK Finanse & Leasing S.A. raised provisions for unrecoverable receivables against costs in the amount of PLN 26 028k.

In 2003, the write-off and write-down totalled PLN 52 921k while the central write-off against the provisions totalled PLN 252 721k .
In the corresponding period, BZ WBK Leasing S.A. and BZ WBK Finanse & Leasing S.A. raised provisions for unrecoverable receivables against costs in the amount of PLN 51 558k.

When writing down/off receivables, the Bank applies regulations of the CIT Act dated 15 February 1992 with subsequent amendments and recommendations stemming from the Tax policy for writing down/off, central write-downs and sale of debts adopted by the Management Board on 2 April 2003.

20. Costs of raising provisions for future liabilities toward staff with a break-down into individual categories

The costs related to raising provisions for future liabilities towards the staff of Bank Zachodni WBK as at 31 December 2004 were as follows:

- provision for bonuses and awards - PLN 34 312k
- provision for ZUS - PLN 8 889k
- provision for retirement packages - PLN 6 574k

As at 31 December 2004, costs related to raising provisions for the future liabilities towards employees of the subsidiaries totalled:

- provision for bonuses - PLN 746k,
- provision for ZUS - PLN 51k
- provision for retirement packages - PLN 17k

21. Costs incurred for financing staff pension schemes

Bank Zachodni WBK Group does not incur costs related to financing staff pension schemes.

22. Information about custodian services

Bank Zachodni WBK provides custodian services in accordance with Stock Exchange Commission license of 09 August 1999. The Bank's custodian services are addressed to residents - private individuals and legal enterprises - and to foreign institutional investors present on the Polish capital market. They involve, inter alia, maintaining securities accounts, settling transactions, handling dividend and interest payments, ensuring redemption of debt securities, performing portfolio valuations, executing instructions stipulated in authorisations given by customers, and representing them at the General Annual Meetings of public companies. The Bank also acts as a depository for investment funds. Apart from the Investment Arka Obligacji FIO (Arka Bond Fund), since 2003, Arka Global Index 2007 and LUKAS Stable Growth Fund have also been the Bank's customers. They are managed and represented by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A.

23. Information about asset securitization

Bank Zachodni WBK Group does not securitize assets.

24. Average staffing level with a break-down into professional groups

31.12.2004r.
As at 31 December 2004, the staffing level in Bank Zachodni WBK S.A. totaled 7 091.88 FTEs.
As at this date, the Bank employed 7 121 people.
In 2004, the average staffing level in Bank Zachodni WBK was 7 188.52 FTEs.

In 2004, the average staffing level in the Banku Zachodniego WBK subsidiaries consolidated line by line was 359,58 FTEs and 406 people.

The table below presents the employment structure in Bank Zachodni WBK Group with a break-down according to education:

Education	*No. of staff*	*Structure %*
University/college degree	4 507	59,8 %
High school degree	2 913	38,6 %
Vocational	33	0,4 %
Other	88	1,2 %
Total	***7 541***	***100 %***

31.12.2003
As at 31 December 2003, the staffing level in Bank Zachodni WBK S.A. totaled 7 416.83 FTEs.
As at this date, the Bank employed 7 462 people.
Average staffing level in Bank Zachodni WBK in 2003 was 8 308,05 FTEs.

In 2003, the average staffing level in Bank Zachodni WBK subsidiaries consolidated under full method was 356.31 FTEs and 384 people.

The table below presents the employment structure in Bank Zachodni WBK Group with a break-down according to education:

Education	*No. of staff*	*Structure %*
University/college degree	4 556	58,2 %
High school degree	3 169	40,5 %
Vocational	37	0,5 %
Other	65	0,8 %
Total	***7 827***	***100%***

25. Remuneration and bonuses (both in cash and in kind) paid or due (separately) to members of the Management Board and Supervisory Board of the issuer in the issuer's company, irrespective of whether they were taken to costs or resulted from the profit distribution, and, where the issuer is a parent entity or a majority investor, separately for the remuneration and bonuses received as a result of holding a position in subsidiary, interdependent and associated undertakings (separately for each of the groups). Also aggregated data on the other connected entities should be presented with regard to remuneration, together with the remuneration from the profit, paid out to or due to the Management Board members and Supervisory Body members.

31.12.2004

Remuneration paid to the members of Bank Zachodni WBK Supervisory Board

First and last name	*Position*	*amount (PLN'000)*
Marian Górski	Chairman of the Supervisory Board	140,6
Waldemar Frąckowiak	Member of the Supervisory Board	121,3
Aleksander Galos	Member of the Supervisory Board	116,3
Marek Grzegorzewicz	Member of the Supervisory Board	43,8
Aleksander Szwarc	Member of the Supervisory Board	116,8
Jacek Ślotała	Member of the Supervisory Board	88,6
Dermot Gleeson	Member of the Supervisory Board	21,4
John Power	Member of the Supervisory Board	19,5
TOTAL		**668.4**

Members of the Supervisory Board who decided not to be remunerated.

First and last name	*Position*	*amount (PLN'000)*
Gerry Byrne	Deputy Chairman of the Supervisory Board	-
Don Godson	Member of the Supervisory Board	-
Declan Mc Sweeney	Member of the Supervisory Board	-

Remuneration paid to the members of Bank Zachodni WBK Management Board

First and last name	*Position*	*amount (PLN'000)*
Jacek Kseń	President of the Management Board	1 117,7
Cornelius O'Sullivan *	First Vice President of the Management Board	2 617,4

Declan Flynn *	Member of the Management Board	1 157,6
Michał Gajewski	Member of the Management Board	507,0
Michael Keegan *	Member of the Management Board	571,9
Justyn Konieczny	Member of the Management Board	718,6
Janusz Krawczyk	Member of the Management Board	497,0
Jacek Marcinowski	Member of the Management Board	474,6
James Murphy *	Member of the Management Board	247,2
Mateusz Morawiecki	Member of the Management Board	490,6
Feliks Szyszkowiak	Member of the Management Board	440,9
Maciej Węgrzyński	Member of the Management Board	1 037,9
TOTAL		**9 878,4**

The amount of remuneration paid to the Management Board Members of Bank Zachodni WBK S.A. includes: basic salary for 2004, awards for 2003, pay due to termination of employment contract, annual leave equivalent, salary due to non-competition agreement, costs of insurance, costs of accommodation, costs of health care.

*In respect of Messrs O'Sullivan, Flynn, Murphy and Keegan (Irish nationals on assignment to BZWBK from Allied Irish Banks plc, Dublin, Ireland), whose terms of assignment cover payment of salaries in their home country currency and such sums are impacted by movements in currency exchange rates. Furthermore, their terms of assignment include reimbursement of Allied Irish Banks plc's costs in respect of pension contributions, medical insurance cover, Allied Irish Banks plc profit sharing scheme and other benefits. Costs in respect of accommodation and school fees are also paid by BZWBK in specific cases. The total of this reimbursement including relevant Polish social security costs and Polish income tax liability in 2004 amounts to PLN 4 011k.

In 2004, none of the Members of the Management Board or the Supervisory Board of Bank Zachodni WBK received any remuneration from subsidiaries or associated entities.

In 2003, total remuneration for management and supervisors in the subsidiaries of BZ WBK Group totalled PLN 5 201k.

31.12.2003
Total remuneration paid to the members of the Management Board of Bank Zachodni WBK and the members of the Supervisory Board in 2003 totalled PLN 12 396k and PLN 657k, respectively.
In 2003, none of the Members of the Supervisory Board or the Management Board of Bank Zachodni WBK received any remuneration from subsidiaries or associated entities.

In 2003, total remuneration for individuals managing and supervising the subsidiaries of the BZ WBK Group totalled PLN 4 688k.

26. Non-repaid advance payments, loans, borrowings, guarantees, civil law guarantees or other agreements representing receivables of the issuer, its subsidiary, interdependent and associated undertakings, with information on the interest rate and the repayment details of the amounts granted by the issuer and separately by the subsidiary, interdependent and associated undertakings (separately for each of the groups) to members of the Management Board and Supervisory Board as well as to the employees of the issuer, separately for the members of the Management Board and Supervisory Board and the employees as well as, separately, for the spouses, relatives and next of kin, adopted children or adoptive parents as well as other persons to which members of the Management Board and the Supervisory Board are personally connected, along with the information on the interest rate and the repayment details

31 December 2004

Board members
As at 31 December 2004, the members of the Management or Supervisory Board did not avail of any loans, advances and guarantees granted by Bank Zachodni WBK's subsidiaries or associates.

As at 31 December 2004, loans and advances sanctioned to the members of Bank Zachodni WBK Management by the Bank totalled respectively PLN 2 844k, CHF 22k, and to Supervisory Board members - PLN 252k respectively.

The balance of borrowings sanctioned to relatives and next of kin of the Bank's Management Board members totalled PLN 116k and CHF 30k.

The balance of borrowings from the Company's Social Fund granted to the BZ WBK Management Board members was PLN 5k.

All loans and advances were sanctioned based on the general terms and conditions .

Bank Zachodni WBK Group's employees
As at 31 December 2004, the balance of borrowings sanctioned to BZ WBK employees was PLN 105 890k (including the debt reflected on joint accounts, which stood at PLN 14 516k), while the volume of borrowings sanctioned to employees of subsidiaries and associates was PLN 6 487k.

The balance of borrowings from the Company's Social Fund granted to the employees of Bank Zachodni WBK, as at 31 December 2004, totaled PLN 20 238k.

All loans and advances were sanctioned based on the general terms and conditions.

31 December 2003

Board members
As at 31 December 2003, the members of the Supervisory Board did not avail of any loans, advances and guarantees granted by Bank Zachodni WBK, its subsidiaries or associates.

As at 31 December 2004, loans and advances sanctioned to the Bank Zachodni WBK Management Board members by the Bank totalled PLN 234k and CHF 25k.

The balance of borrowings sanctioned to relatives and next of kin of the members of the Bank's Management Board totalled PLN 180k and CHF 30k.

The balance of borrowings from the Company's Social Fund granted to the BZ WBK Management Board members was PLN 6k.

All loans and advances were sanctioned based on the general terms and conditions as specified in the Bank's offering.

Bank Zachodni WBK Group's employees
As at 31 December 2003, the balance of borrowings sanctioned to BZ WBK employees was PLN 81 210k (including the debt reflected on joint accounts, which stood at PLN 10 388k), while the volume of borrowings sanctioned to employees of subsidiaries and associates was PLN 3 633k.

The balance of borrowings from the Company's Social Fund granted to the employees of Bank Zachodni WBK, as at 31 December 2003, totaled PLN 20 002k.

All loans and advances were sanctioned based on the general terms and conditions.

27. Significant events related to previous years included in the financial statements for the current period

There were no significant events related to previous years to be included in the financial statements for 2004.

28. Significant post-balance sheet date events, which have not been reflected in the financial statements

There were no significant post balance sheet events which were not included in the financial statement in the BZWBK Group.

29. Significant events in the accounting year triggering substantial change in the structure of the balance sheet and the financial result

No significant events changing the balance sheet structure and the financial result took place in Bank Zachodni WBK Group.

30. The relations between the legal predecessor and the issuer as well as the method and the scope of taking over assets and liabilities

Bank Zachodni WBK Group entities did not participate in any business combination in 2004.

31. Financial statements and comparable financial data, at least in relation to the key balance sheet and the P&L account lines adjusted for relevant inflation rate, indicating the source of the rate and the application methods, taking the last financial statement as the base period – if the accumulated average annual inflation rate from the past three years of the issuer's operations has reached or exceeded 100%

In recent years Poland has not witnessed inflation rate above 20% - accumulated average annual inflation rate from the previous three years was below 100% - therefore, there was no need to adjust the financials for inflation rate.

32. Specification of differences, along with explanations, between the data disclosed in the financial statements and the comparable financial data and the previously produced and published financial statements

The information presented in Bank Zachodni WBK SA consolidated annual report as at 31 December 2004 is prepared in compliance with Polish Generally Accepted Accounting Principles resulting from current binding laws.

In order to obtain comparability of 2003 balance sheet positions BZ WBK Group adjusted amounts of factoring settlements by PLN 11 131k relating to blocked factoring receivables. The adjustment decreases positions IV Loans and advances to non-financial sector and III Deposits of non-financial sector.
Moreover, the intangible assets capital expenditures were excluded from the cumulated position - PLN10 160k.

Changes in presentation of the profit & loss account were made in respect to the following items of the consolidated statements of Bank Zachodni WBK Group.

	Profit & loss account (PLN'000)	**31.12.2003r. ***	**changes**		**31.12.2003r. after changes**
I	Interest income	1 422 099			1 422 099
II	Interest expense	(593 033)			(593 033)
III	**Net interest income (I-II)**	**829 066**			**829 066**
IV	Commission income	646 171	(4 485)	(1)	641 686
V	Commission expense	(109 704)			(109 704)
VI	**Net Commission income (IV-V)**	**536 467**	**(4 485)**		**531 982**
VII	Net income from sale of products, commodities and materials	51 381			51 381
VIII	Costs of sold products, commodities and materials	-			-
IX	Costs of sales	-			-
X	**Profit/loss on sale (VII-VIII-IX)**	**51 381**			**51 381**
XI	Income from shares or interests, other securities and other financial instruments with a variable yield	52 403			52 403
XII	Profit on financial operations	73 184	(59 617)	(2)	13 567
XIII	FX profit	144 664	60 740	(3)	205 404
XIV	**Profit on banking operations**	**1 687 165**	**(3 362)**		**1 683 803**
XV	Other operating income	61 103	(14 141)	(4)	46 962

XVI	Other operating costs	(85 344)			(85 344)
XVII	Costs of bank's operations and general management	(1 039 899)	(18 626)	(5)	1 021 273
XVIII	Depreciation/amortization of fixed assets and intangibles	(225 433)			(225 433)
XIX	Allocations to provisions	(732 910)	1 129	(6)	(731 781)
XX	Release of provisions	592 017	(2 252)	(7)	589 765
XXI	**Net balance of provisions (XIX-XX)**	**(140 893)**	**(1 123)**		**(142 016)**
XXII	**Profit on operating activities**	**256 699**			**256 699**
XXIII	Profit on extraordinary operations	506			506
XXIV	Write-down of subordinated entities' goodwill	-			-
XXV	Write-down of subordinated entities' negative goodwill	3 165			3 165
XXVI	**Gross profit (loss)**	**260 370**			**260 370**
XXVII	Income tax	(123 476)			(123 476)
XXVIII	Other obligatory profit reduction (loss increase)	(20)			(20)
XXIX	Share in net profits (losses) of subordinated entities accounted for using the equity method	270			270
XXX	(Profits) losses of entities with Bank's minority shareholdings	(8 271)			(8 271)
XXXI	**Gross profit (loss)**	**128 873**			**128 873**

Changes made for year 2003 aim to ensure the comparability of the profit & account statements.

Individual changes arising from detailing the NBP interpretation and harmonizing the presentation as well as reclassifying income and costs in subsidiaries' statements are presented below:

1) an elimination shift of PLN 4 485k was made as a result of income reclassification between XV Other operating profit and IV Commision incomes relating to distribution fee adjustment (refers also to item 4),
2) & 3) fx swap points were reclassified of PLN 60 740k,
4 & 5) Net presentation of re-invoiced income and costs were taken to P&L account adjusting XVII. Costs of bank's operations and general management and XV Other operatin profit" by th amount of PLN 18 626k,
6 & 7) presentation of valuation of securities held for trading was standardized (refers also to item 3).

* data presented in extended consolidated quarterly report SAB QSr IV/2003 of Bank Zachodni WBK S.A. published on 24.02.2004.

This year has seen a change in the way of presenting financial instruments in OBS positions of subsidiaries under the heading "II. Commitments arising from purchase/sale transactions ". As a result of the corrections and consolidations adjustments made, the value of this item as at 31.12.2004 totals PLN 65 253 989k and differs from the value published in the SAB QSr4-2004 report by PLN 1 080 352k. As a result of corresponding revaluations, the value of this item as at 31.12.2003 is PLN 41 251 865k and differs by PLN 398 650k from versions published earlier.

33. Changes in the accounting principles policies and consolidated reporting introduced since the previous accounting year (accounting years), their reasons, titles and impact on the Bank's business and financial standing, liquidity, net income and profitability

In this reporting period, there were no changes to the accounting principles. Financial effects arising from the change to the manner of producing a financial statement have been described in it. 32 of Additional Explanatory Notes to the consolidated financial report.

34. Correction of fundamental errors, their reasons, titles and the impact of the resulting financial implications on the financial standing, liquidity, the financial result and profitability

The 2004 consolidated statements of Bank Zachodni WBK Group do not include any corrections of fundamental errors because there were no such errors.

35. If there is uncertainty as to the possibility to continue in business (going concern), the additional notes should include the description of the uncertainty as well as a statement that it exists paralleled by the indication that, as a result, the financial statements might include the related adjustments.

The information should also include the description of the actions taken or envisaged by the issuer's unit aimed at eliminating it.

There is nothing that would indicate the impossibility of Bank Zachodni WBK Group to continue in business.

36. If the financial statements are produced for the period of the merger, the additional note should indicate that these are financial statements produced following the merger as well as the date of the merger and the accounting treatment of business combination (acquisition, uniting of interests)

In 2004, there was no merger that would include any of the Bank Zachodni WBK Group entities.

37. If the issuer does not produce consolidated financial statements, the additional note to the financial statements should present the legal basis for the waiver of the obligation to produce the consolidated financial statements along with the data justifying the departure from consolidation, valuation based on equity method, name and registered office of the unit producing the consolidated financial statements at the higher level of the group and the place where it is published, key economic and financial ratios defining the operations of the connected units in a given accounting year and in the past accounting year, such as: income from sales and financial income, net financial result, equity broken down into groups, value of fixed assets, average annual employment and other information if required by force of separate regulations

Bank Zachodni WBK produces consolidated financial statements of the Group.

38. Information on adjustments and values of individual items in the financial statement for which other methods and valuation principles were adoped, in the case of making appropriate adjustments of the financial statement of the unit covered by the consolidated financial statement to the methods and principles adopted by the dominant entity, and in the case of waivering the adjustments – justification for the waiver.

In the consolidated financial statements of Bank Zachodni WBK Group for 2004, there were no adjustments to the individual items of the financial report for which methods or valuation principles were adopted other than the ones adopted by the parent entity.

39. If the issuer developing consolidated financial reports exempts, based on the separate regulations, a unit from the obligation to be included in the consolidation, or by means of the equity method, in the additional explanatory note to the consolidated financial report, a legal basis must be presented along with the data excluding exemptions, basic business and financial indicators, displayed by the connected units in the current and previous accounting year, such as: income from sales and financial income, net financial result and own funds, with a break-down into groups, value of fixed assets, average annual manpower and other information required based on separate regulations

All the companies within the Bank Zachodni WBK Group have been subject to full consolidation or accounted for using equity method which has been described ind etail in it. 12 of Introduction to the consolidated financial statements.

40. Moreover, in the case of information other than the one indicated above, required absed on the applicable accounting regulations or other information which can significantly impact the assessment of the property, financial standing, financial result as well as their changes – this information should be disclosed in the appropriate part of the financial statement

Significant litigations pending:

Suit filed by Bieltex S.A. against Dzierżoniów Poviat

On 11 July 2002, the District Court in Świdnica, issued a verdict in the suit filed by Bieltex S.A. in Bielawa against Dzierżoniów Poviat (with the Bank as the secondary intervener supporting the plaintiff's claim) which acknowledged the claim and adjudicated that the defendant's statement was invalid, i.e. the waiver of agreement on the purchase of "Sudety" Reservoir (the disputable amount: PLN 18 328k). The verdict is very important for the Bank due to the fact that the receivable arising from the payment for the reservoir was transferred by Bieltex S.A. for the benefit of Bank Zachodni S.A. in 1999 and based on this the Bank restructured the plaintiff's debt by way of writing off part of their credit liabilities. The defendant appealed against the verdict. By force of the ruling dated 5 March 2003, the Court of Appeal dismissed the appeal thus sustaining the verdict issued by the Lower Court. Dzierżoniów Poviat filed a final appeal (cassation). On 21 May 2004, the Supreme Court heard the case. As the parties were negotiating a compromise solution to all pending court cases, the Supreme Court deferred the hearing until 21 July 2004. At the hearing on 21 July the Supreme Court decided that it was impossible to conclude the proposed arrangement as it goes beyond the subject matter of the final appeal and would make it impossible to use legal coercive measures. Hence, the litigants have applied for suspension of proceedings with a view to reaching an out-of-court arrangement.
The Supreme Court suspended the proceedings at the joint request of the parties in view of the talks held aimed at reconciliatory solution of all disputable issues involving the Bank, Dzierzoniów Poviat and Bieltex.
On 09 November 2004, an out-of court arrangement was concluded. It concerned regulating the legal status of the Sudety Reservoir and related financial settlements. The parties agreed in the arrangement, inter alia, the mode of conduct re. litigation held before the Supreme Court. With a letter of 09 November 2004, the Poviat withdrew the final appeal lodged.

Suit filed by Dzierżoniów Poviat against Bieltex S.A. and BZ WBK S.A.

Legal action brought in by Dzierżoniów Poviat against ZB Bieltex in bankruptcy and Bank Zachodni WBK S.A. - disputable amount totals PLN 18 328k. On 24 July 2003, Dzierżoniów Poviat filed a claim, served on the Bank on 24 December 2003, to establish the contents of the entry in the Land and Mortgage Register against the actual legal status. This claim is related to a separate legal action aimed at identifying the existence of a purchase-sale agreement (re: the purchase of the above Sudety Reservoir) dated 17 September 1999. The above separate court proceedings resulted in verdicts of the Lower and Higher Courts, which confirmed the validity of the agreement on the sale of Sudety Reservoir. Dzierżonów Poviat lodged a final appeal to the Supreme Court. The final appeal is rejected and thus the verdicts of the Lower and Higher Courts (favourable to the Bank) are sustained, the proceedings instituted by Poviat Dzierżoniowski on 24 December 2003 will be irrelevant. On 1 March 2004, the court suspended the proceedings until the Supreme Court has resolved the appeal.
In view of the fact that on 09 November 2004, an out-of-court arrangement was concluded and it concerned regulation of the legal status of the Sudety Reservoir and related settlements, the parties agreed, among others, on the manner of conduct re. the litigation before the Regional Court - the parties filed a joint request to reinstate the suspended proceedings and next Poviat withdrew its claim.
On 22 November 2004, the Regional Court in Dzierżoniów issued a verdict on the discontinuance of proceedings. The verdict is legally valid.

Suit filed by Agrofirma Spółdzielcza against BZ WBK

Disputable amount: PLN 3 760k. On 10 May 2002, Agrofirma Spółdzielcza in Wroniawy filed a claim for the payment of PLN 3 760k along with statutory interest due for the period from 9 May 2002 to the payment day, which was served on the Bank on 23 December 2002. The above amount is the total of the alleged damage of PLN 3 506k due to the settlement by the Bank of forward f/x transactions along with interest of PLN 254k due for the period from 28 December 2001 to 8 May 2002. The plaintiff claims that on 28 December 2001, the Bank closed and settled the transaction with the value date as at this day unlawfully, i.e. without any additional instruction placed by the plaintiff on that day. The plaintiff made an allegation that they were deceitfully induced by the Bank's staff to conclude f/x buy-sale transaction. The plaintiff was allegedly ensured during conversations about the profitability of concluded transactions and the possibility to "roll" them in case they would bring losses to the plaintiff. The Bank carried out detailed explanatory proceedings and assessed that the charges made by Agrofirma Spółdzielcza are groundless as they are not confirmed by facts and documents and the allegations made by the plaintiff's legal representative depart from the truth. The Bank raised a provision for the disputable amount of PLN 1 500k. With its decision of 30 April 2004, the court fully dismissed the action brought by Agrofirma Spółdzielcza in Wroniawy. On

8 June 2004, the plaintiff filed an appeal with the court. On 15 June this year, the Court called upon the plaintiff to pay the appeal fee. Since he failed to do it on time, the plaintiff's appeal was dismissed.
The plaintiff lodged a complaint against the appeal dismissal.
On 18 November 2004, the Appeal Court in Wrocław reversed the decision of the Lower Court on the dismissal of the plaintiff's complaint against the verdict of 30 April 2004 (dismissing Agrofirma's claim). On 27 December 2004, the Bank was served the plaintiff's appeal. On 10 January 2005, the Bank responded to the appeal.

Suit filed by Centrum Leasingu i Finansów CLIF S.A. (Finace & Leasing Centre) against BZ WBK S.A

Suit filed by Centrum Leasingu i Finansów CLIF S.A. (Finace & Leasing Centre) with its registered office in Warsaw against BZ WBK S.A. - disputable amount totals PLN 2 738k. On 19 May 2003, Centrum Leasingu i Finansów CLIF SA, filed a claim for the payment of PLN 2 738 k, i.e. the difference between the total value of assets with ownership rights transferred onto the Bank (the security) and the value of receivables from lease contracts assigned onto the Bank. In its letter dated 19 January 2004, the plaintiff changed the value of the claim to PLN 1 445k. In the statement of claim dated 20 April 2004, the Bank sustained its stance and responded to the allegations made by the plaintiff in the letter dated 19 January 2004. The date of the hearing was set for 4 August 2004. During the court trial parties sustained their stances. The date of the next trial was set for 6 December 2004. The created provision totals PLN 1 873k. Given the amount of the provision, the bank's proxy produced an opinion that raising a legal risk provision for this case is purposeless.
On 15 December 2004, the parties concluded a settlement in court as a result of which the court discontinued the proceedings.

Suit filed by PPHU PREFBUD Sp. z o.o. with the registered office in Olsztyn against BZ WBK S.A.

Legal action brought in by PPHU PREFBUD Sp. z o.o. with the registered office in Olsztyn against Bank Zachodni WBK S.A. to establish the content of the L&M register against the actual legal status – disputable amount is PLN 5 250k. The summonses were served on the Bank on 12 January 2004. As the bank filed a separate claim the repayment of the loan by the plaintiff (debtor in rem), the plaintiff has raised an objection that the mortgage was perfected in breach of law (resolution of the partners was required in accordance with art. 230 of the Commercial Companies Code) and is now seeking to remove the mortgage charge established for the benefit of the Bank over the plaintiff's property. The bank responded to the statement of claim. According to the court's decision of 12 March 2004, the case was transferred to the District Court. In its decision of 29 March 2004, the District Court determined the final amount of the court fee and called upon the plaintiff to pay the difference between the interim and final mortgage charge of PLN 99k. In its letter of 1 April 2004, the plaintiff filed for exemption from costs. In accordance with the court decision dated June 2004 the plaintiff was exempted from court fee of PLN 20k. There are no grounds for raising a legal risk provision.
The above case – brought before the court by the Bank for the payment of PLN 5 250k (the value of the open mortgage) – is pending until the verdict is reached in respect of the case for establishing the content of the entry in the Mortgage and Land Register against the actual legal status.
The claim dismissal with a verdict of 28 December 2004 – the ruling is not legally valid.

Suit filed by Bank Zachodni WBK S.A. against Władysława Rychlik, Eryk Rychlik, Henryk Rychlik, Anna Biskupska, Andrzej Buszkiewicz to declare bankruptcy

Suit filed by Bank Zachodni WBK S.A. against Władysława Rychlik, Eryk Rychlik, Henryk Rychlik, Anna Biskupska, Andrzej Buszkiewicz to declare bankruptcy - the disputable amount of all five claims totals PLN 136 250k. On 3 June 2004, the Bank lodged five separate claims for declaring bankruptcy of the above persons. The case concerns a group of private individuals with family and social links who run farms and business operations that are linked in organizational and functional terms. In view of the above, the aforementioned individuals are treated as one group. The bankruptcy petitions are aimed to safeguard the debtors' assets against an uncontrolled collapse. The Bank does not exclude a possibility of an arrangement with the creditors and implementation of a sound turnaround program. The court appointed a Court Supervisor.
On 06 December 2004, the bankruptcy of the Rychlik Group entities was declared. The verdict on bankruptcy declaration (covering the liquidation of assets) became legally valid. The court appointed a Creditors Board. The bankruptcy proceedings are in progress.

Suit filed by METRON-TERM Sp. z o.o. in Torun against Bank Zachodni WBK SA to remove inconsistencies between the property legal status disclosed in L&M register no. 36891 and the actual legal status – disputable amount is PLN 3 000k.

The claim was served on the Bank on 27 April 2004. The plaintiff seeks to eliminate the discrepancy between the legal status of the property recorded in the Land and Mortgage Register at no. 36891 and the actual legal status by removing the open mortgage charge of up to PLN 3 000k encumbering the property located in Toruń at ul. Szosa Lubicka 17a in favour of BZ WBK, 1st Toruń branch. Branch 1 in Torun. In addition, the plaintiff demanded measures for the safeguarding claim by including a warning about the court proceedings in III KW no. 36891 run by the Regional Court in Toruń Unit V of L&M Register concerning determination of contents of the Land and Mortgage Register entry with the actual legal status with regard to the open mortgage recorded in section 4 of the Register.
In view of an arrangement signed on 25 June 2004 re. the debt repayment, the court suspended the proceedings at the joint request of the parties.

FX structure of assets and liabilities

Bank Zachodni WBK S.A.

	Components of fx position B/S long (+)	Components of fx position B/S short (-)	Components of fx position B/S short (-)	Components of fx position index short (-)
HUF	52	17	-	-
CZK	1 339	1 637	-	-
EEK	2	1	-	-
AUD	980	178	-	-
JPY	6 821	74	-	-
USD	2 617 698	1 202 500	-	-
CAD	644	304	-	-
GBP	47 907	104 238	-	-
DKK	2 383	1 687	-	-
NOK	3 495	3 798	-	-
CHF	789 007	122 926	-	-
SEK	21 300	7 616	-	-
EUR	2 291 315	1 886 977	-	-
TOTAL	***5 782 943***	***3 331 953***	**-**	**-**

	Components of fx position off B/S long (+)	Component s of fx position off B/S short (-)
HUF	-	-
CZK	536	609
JPY	-	-
AUD	-	1 166
USD	3 135 179	4 548 445
JPY	-	6 909
GBP	61 969	6 176
DKK	-	600
NOK	612	-
CHF	92 129	758 483
SEK	67 648	81 047
EUR	464 387	851 677
TOTAL	***3 822 460***	***6 255 112***

Subsidiaries

	Components of fx position off B/S long (+)	Component s of fx position off B/S short (-)
USD	4 617	5 762
CHF	54 273	53 529
EUR	285 594	236 678
TOTAL	***344 484***	***295 969***