



TRANSLATION

Bank Zachodni WBK S.A.

Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2005

KPMG Audyt Sp. z o.o.
The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 12 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the financial statements
for the financial year ended
31 December 2005

OPINION OF THE INDEPENDENT AUDITOR

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

We have audited the accompanying financial statements of Bank Zachodni WBK S.A. seated in Wrocław, ul. Rynek 9/11, 50-950 Wrocław, consisting of the balance sheet as at 31 December 2005, with total assets of and total liabilities and equity of PLN 28,182,947 thousand, the profit and loss account for the year then ended with a net profit of PLN 446,223 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 294,204 thousand, the cash flow statement for the year then with a decrease in cash amounting to PLN 627,882 thousand, and supplementary notes, comprising of significant accounting policies and other explanatory notes.

The Management of the Bank is responsible for the accuracy of the accounting records and the preparation and true and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and in respect to matters that are not regulated by the above standards, in accordance with the requirements of the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) and respective bylaws and regulations, the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market. Our responsibility is to express an opinion on these financial statements, and whether the financial statements are derived from properly maintained accounting records, based on our audit.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management of the Bank, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements of Bank Zachodni WBK S.A. have been prepared from properly maintained accounting records and present fairly, in all material respects, the financial position of the Bank as at 31 December 2005, the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and in respect to matters that are not regulated by the above standards, in accordance with the requirements of the Accounting Act dated 29 September 1994 and respective bylaws and regulations, the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market and the provisions of the Bank's Statute that apply to the Bank's financial statements.

As required under the Polish Accounting Act dated 29 September 1994 we also report that the Report on the Bank's activities includes in all material respects the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the financial statements.

Signed on the Polish original

.....
 Certified Auditor No. 9941/7390,
 Bożena Graczyk

Signed on the Polish original

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

Signed on the Polish original

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

Warsaw, 17 February 2006



Bank Zachodni WBK S.A.

Report supplementing
the auditor's opinion
on the financial statements
Financial Year ended
31 December 2005

KPMG Audyt Sp. z o.o.
The report supplementing the auditor's opinion
contains 12 pages
Report supplementing the auditor's opinion
on the financial statements
for the financial year ended
31 December 2005



Contents

1	General	3
1.1	General information about the Bank	3
1.2	Auditor information	3
1.3	Legal status	3
1.4	Prior period financial statements	5
1.5	Audit scope and responsibilities	6
2	Financial analysis of the Bank	8
2.1	Summary of the financial statements	8
2.2	Selected financial ratios	10
2.3	Interpretation of selected financial ratios	10
3	Detailed report	11
3.1	Accounting records and data protection	11
3.2	Verification of assets and liabilities	11
3.3	Compliance with banking regulations	11
3.4	Audit materiality	11
3.5	Supplementary notes, comprising of significant accounting policies and other explanatory notes	11
3.6	Report on the Bank's activities	12
3.7	Information on the opinion of the independent auditor	12

1 General

1.1 General information about the Bank

1.1.1 Bank name

Bank Zachodni WBK S.A.

1.1.2 Registered office

ul. Rynek 9/11
50-950 Wrocław

1.1.3 Registration in the National Court Register

Seat of the court: Regional Court in Wrocław, VI Commercial Department
Date: 27 April 2001
Registration number: 0000008723

1.1.4 Tax Office and Provincial Statistical Office registration

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

1.2 Auditor information

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

KPMG Audyt Sp. z o.o. is registered as a company authorised to audit financial statements (number 458).

1.3 Legal status

1.3.1 Share capital

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

The share capital of the parent entity amounted to PLN 729,602,840 as at 31 December 2005 divided into 72,960,284 ordinary shares with a nominal value of PLN 10 each.

As at 31 December 2005, the shareholder structure was as follows:

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

1.3.2 Related parties

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

1.3.3 Management of the Bank

The Management Board is responsible for management of the Bank.

At 31 December 2005, the Management Board of the Bank was comprised of the following members:

President:	Jacek Kseń
Board Members:	Declan Flynn
	Michał Gajewski
	Aleksander Kompf
	Justyn Konieczny
	Janusz Krawczyk
	Jacek Marcinowski
	Mateusz Morawiecki
	James Murphy
	Feliks Szyszkowiak

The following changes took place in the Management Board of the Bank comparing to 31 December 2004:

- On 30 April 2005 Mr. Cornelius O'Sullivan resigned as First Vice-President of the Management Board.
- On 21 June 2005, according to the decision of Supervisory Board, Mr. Aleksander Kompf took up the position in the Management Board.

1.3.4 Scope of activities

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

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

Additionally the parent entity is illegible to perform the following activities:

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

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

1.4 Prior period financial statements

The financial statements for the period ended 31 December 2004 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The financial statements were approved at the General Shareholder Meeting on 14 April 2005, where it was resolved to allocate the profit for the prior financial year of PLN 443,326 thousand as follows:

- | | |
|---------------------|----------------------|
| • Reserve capital | PLN 236,033 thousand |
| • Dividend payment | PLN 177,293 thousand |
| • General risk fund | PLN 30,000 thousand |

The closing balances as at 31 December 2004 have been properly recorded as the opening balances of the audited year.

Due to the changes in the applied accounting policies, resulting from the adoption of the accounting policies that are in compliance with International Financial Reporting Standards as adopted by the European Union the related corresponding figures for 31 December 2004 have been restated by the Bank. Furthermore, in accordance with IFRS 1, the Bank has elected not to restate the corresponding figures in order to comply with IAS 32 and IAS 39. The adjustments resulting from changes in accounting policies, in order to comply with IAS 32, and IAS 39, have been made to the opening balance of equity as at 1 January 2005.

The financial statements were submitted to the Registry Court on 29 April 2005 and were published in Monitor Polski B No 1126 on 22 July 2005.

1.5 Audit scope and responsibilities

This report of the independent auditor was prepared for the General Shareholder Meeting of Bank Zachodni WBK S.A. seated in Wrocław, ul. Rynek 9/11, 50-950 Wrocław, and relates to the financial statements comprising: the balance sheet as at 31 December 2005 with total assets of and total liabilities and equity of PLN 28,182,947 thousand, the profit and loss account for the year then ended with a net profit of PLN 446,223 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 294,204 thousand, the cash flow statement for the year then with a decrease in cash amounting to PLN 627,882 thousand, and supplementary notes, comprising of significant accounting policies and other explanatory notes.

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

The financial statements have been audited on the basis of the decision of the Supervisory Board dated 21 June 2005 on the appointment of the auditor.

The financial statements have been audited in accordance with the contract dated 1 October 2005.

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

We have audited the financial statement in the Bank's head office and branches during the period from 24 October 2005 to 17 February 2006.

The Management of the Bank is responsible for the accuracy of the accounting records and the preparation and true and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and in respect to matters that are not regulated by the above standards, in accordance with the requirements of the Accounting Act dated 29 September 1994 and respective bylaws and regulations, the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market.

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

On 17 February 2006, the Management Board of the Bank submitted a statement as to the true and fair presentation of the financial statements presented for audit which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements for the audited year.

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

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of financial statements of the Bank fulfil independence requirements. The scope of the work planned and performed has not been limited in any way.



Bank Zachodni WBK S.A.

*Report supplementing the opinion on the financial statements
for the financial year ended 31 December 2005*

TRANSLATION

The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.

2 Financial analysis of the Bank

2.1 Summary of the financial statements

2.1.1 Balance sheet

ASSETS	31.12.2005 PLN '000	31.12.2004 PLN '000
Cash and balances with Central Bank	572,329	1,200,143
Loans and advances to banks	3,606,067	2,787,304
Securities at fair value through profit or loss	1,925,612	1,354,938
Derivative financial instruments	735,214	869,435
Loans and advances to customers	12,897,389	12,875,698
Reverse repo transactions	15,199	25,697
Investment securities	6,917,015	5,568,006
Investment in subsidiaries	240,069	222,658
Intangible assets	166,728	230,665
Property, plant and equipment	510,976	585,734
Deferred income tax assets	402,407	442,311
Other assets	193,942	174,246
Total assets	28,182,947	26,336,835
LIABILITIES		
Deposits from banks	1,319,491	906,751
Derivative financial instruments	604,755	821,342
Deposits from customers	20,969,867	19,416,722
Repo transactions	999,541	732,690
Debt securities in issue	93,035	560,695
Deferred income tax liabilities	303,428	290,386
Other liabilities	703,900	713,523
Total liabilities	24,994,017	23,442,109
Share capital	729,603	729,603
Other reserve funds	1,950,396	1,684,362
Revaluation reserve	239,495	154,534
Retained earnings	(176,787)	(45,962)
Profit of the current period	446,223	372,189
Total equity	3,188,930	2,894,726
Total liabilities and equity	28,182,947	26,336,835

2.1.1 Profit and loss account

	1.01.2005 - 31.12.2005 PLN '000	1.01.2004 - 31.12.2004 PLN '000
Interest and similar income	1,543,464	1,387,715
Interest expense and similar charges	<u>(714,273)</u>	<u>(588,043)</u>
Net interest income	<u>829,191</u>	<u>799,672</u>
Fee and commission income	641,723	636,382
Fee and commission expense	<u>(112,704)</u>	<u>(104,882)</u>
Net fee and commission income	<u>529,019</u>	<u>531,500</u>
Dividend income	73,658	64,972
Foreign exchange profit	215,311	194,236
Gains less losses on hedge accounting transactions	(49)	(5,500)
Gains less losses from financial instruments measured at fair value through profit and loss	12,647	28,520
Gains less losses from investment in securities	7,203	(18,632)
Gains less losses on sale of subsidiaries and associates	-	54,925
Other operating income	41,424	49,784
Impairment losses on loans and advances	(57,471)	(126,096)
Operating expenses	(886,089)	(883,467)
Bank's staff, operating expenses and management costs	(180,937)	(191,959)
Other operating expenses	<u>(24,104)</u>	<u>(33,352)</u>
Operating profit	<u>559,803</u>	<u>464,603</u>
Share in net profit of associates accounted for by the equity method		
Gross profit	<u>559,803</u>	<u>464,603</u>
Corporate income tax	<u>(113,580)</u>	<u>(92,414)</u>
Net profit	<u>446,223</u>	<u>372,189</u>
Basic earnings per share (PLN)	6.12	5.10
Diluted earnings per share (PLN)	6.12	5.10

2.2 Selected financial ratios

	31.12.2005	31.12.2004
	PLN'000	PLN'000
Total assets	28,182,947	26,336,835
Gross profit	559,803	464,603
Net profit	446,223	372,189
Shareholder's equity*	2,742,707	2,522,537
Return on equity	16.3%	14.8%
Capital adequacy ratio	15.1%	12.5%
Receivables to total assets	58.6%	59.5%
Income generating assets to total assets	92.6%	89.2%
Interest bearing liabilities to total liabilities	85.1%	85.2%

* excluding current year net profit

2.3 Interpretation of selected financial ratios

- In comparison to previous year, total assets grew by 7.0%. During the year the largest growths within assets were in: investment securities and loans and advances to banks. On the liabilities side the largest increase was in the amounts due to clients.
- Gross profit for the year 2005 increased by 20.5% compared to previous year. The following items had an impact on the current year financial result: a decrease of impairment losses on loans and advances, an increase of net interest income and better result from gains less losses from investment in securities.

3 Detailed report

3.1 Accounting records and data protection

The Bank maintains current documentation describing the applied accounting principles, approved by the Management Board and described in the supplementary notes and other explanatory notes to the financial statements, to the extent required by International Financial Reporting Standards as adopted by the European Union.

The financial statements were prepared on the basis of accounting records that are maintained in accordance with the requirements of section 2 “Maintenance of the accounting records” and section 8 “Data protection” of the Accounting Act dated 29 September 1994.

3.2 Verification of assets and liabilities

The Bank performed a verification of assets and liabilities in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act and in compliance with the Decree of the Ministry of Finance dated 10 December 2001 regarding special accounting principles for banks (Official Journal No. 149 from 2001, item 1673 with amendments).

Differences have been recorded in the period covered by the financial statements.

3.3 Compliance with banking regulations

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

3.4 Audit materiality

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

3.5 Supplementary notes, comprising of significant accounting policies and other explanatory notes

All information included in the supplementary notes, comprising of significant accounting policies and other explanatory notes is presented accurately and completely. The significant accounting policies and other explanatory notes should be read in conjunction with the financial statements taken as a whole.

3.6 Report on the Bank's activities

The Report on the Bank's activities includes, in all material aspects, the information required by Article 49 of the Accounting Act dated 29 September 1994 and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the financial statements.

3.7 Information on the opinion of the independent auditor

Based on our audit of the financial statements as at and for the year ended 31 December 2005, we have issued an unqualified opinion.

Signed on the Polish original

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Certified Auditor No. 9941/7390,
Bożena Graczyk

Signed on the Polish original

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

Signed on the Polish original

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

Warsaw, 17 February 2006