

BZWBK Group

Results 1H 2011

July 27th, 2011

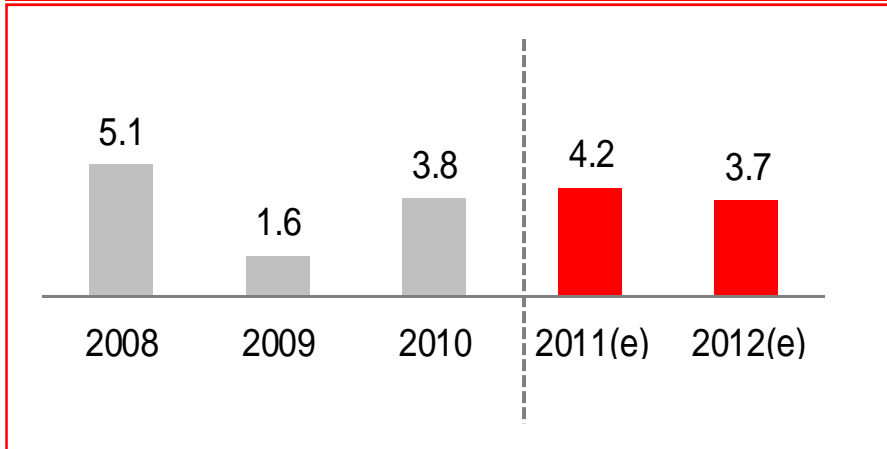
This presentation as regards the forward looking statements is exclusively informational in nature and cannot be treated as an offering or recommendation to conclude any transactions.

Bank Zachodni WBK shall not be liable for any consequences of decisions taken based on the forward looking statements contained in this document.

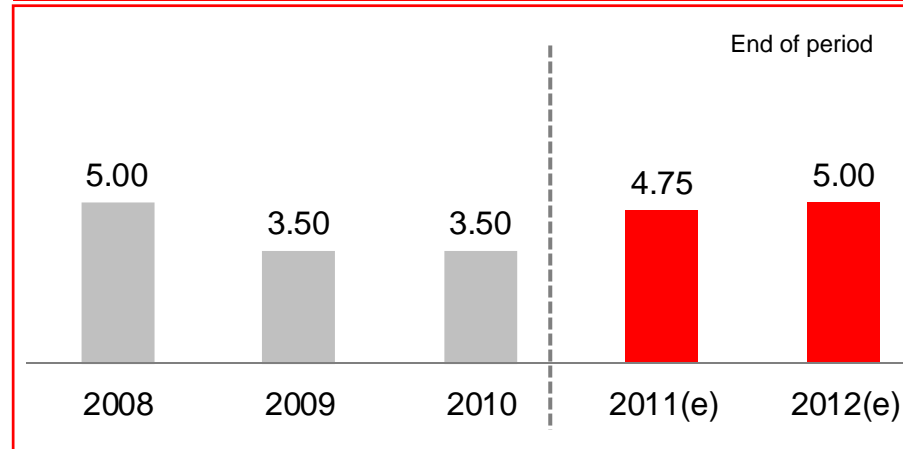
- Macroeconomic Scenario and Financial System
- 1H 2011
 - Business
 - Results

Macroeconomic Scenario

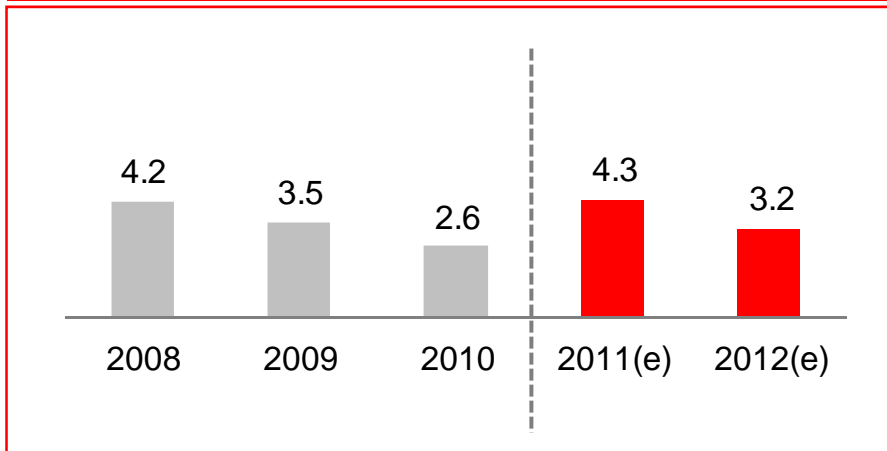
GDP (real annual growth %)



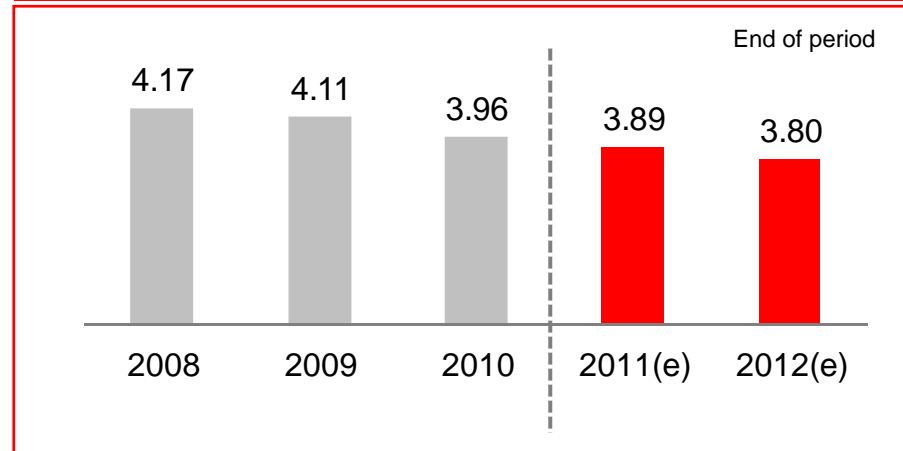
Interest Rate – NBP reference rate (%)



Inflation (CPI %)

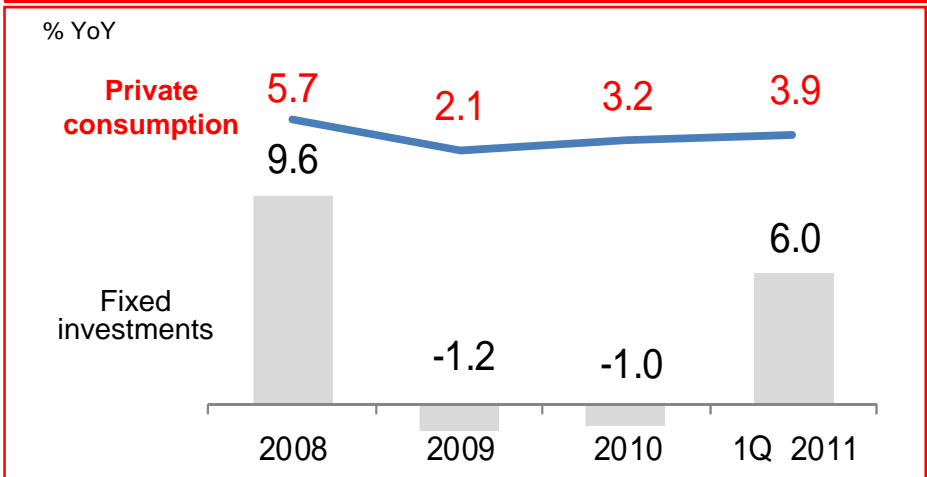


Exchange Rate – PLN/EUR

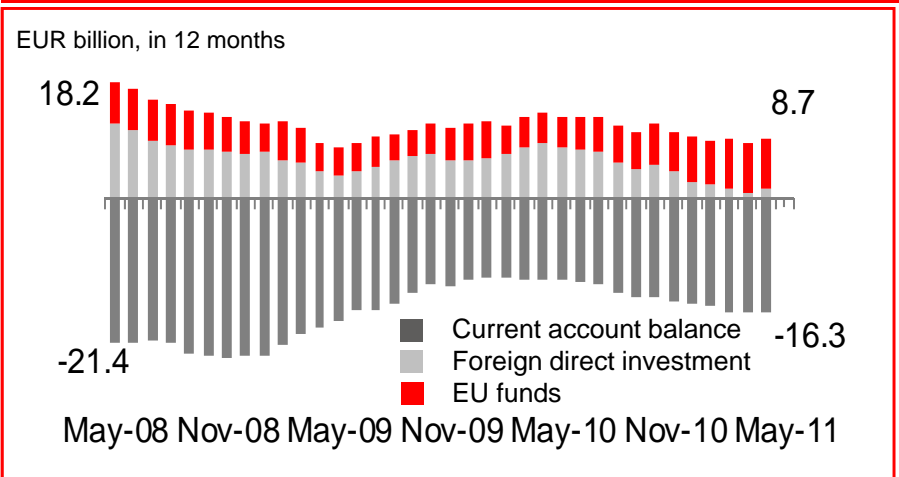


Source: The National Bank of Poland

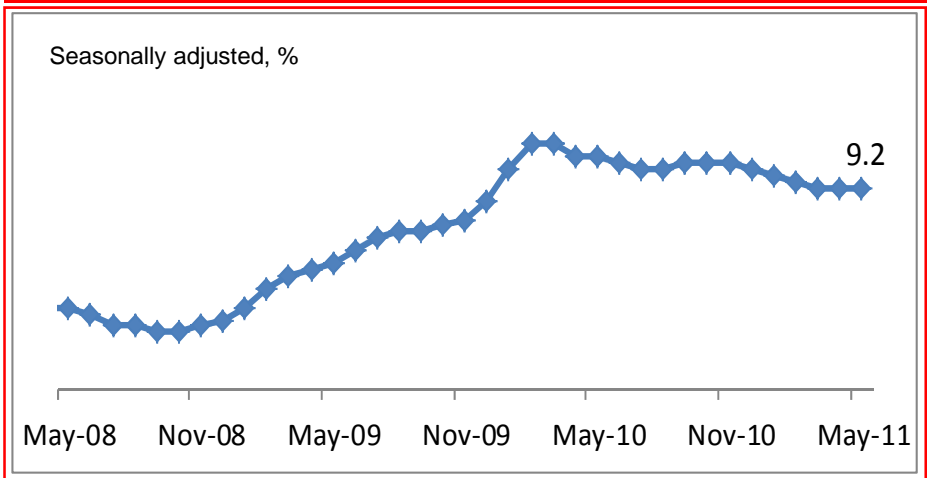
Investments and Consumption



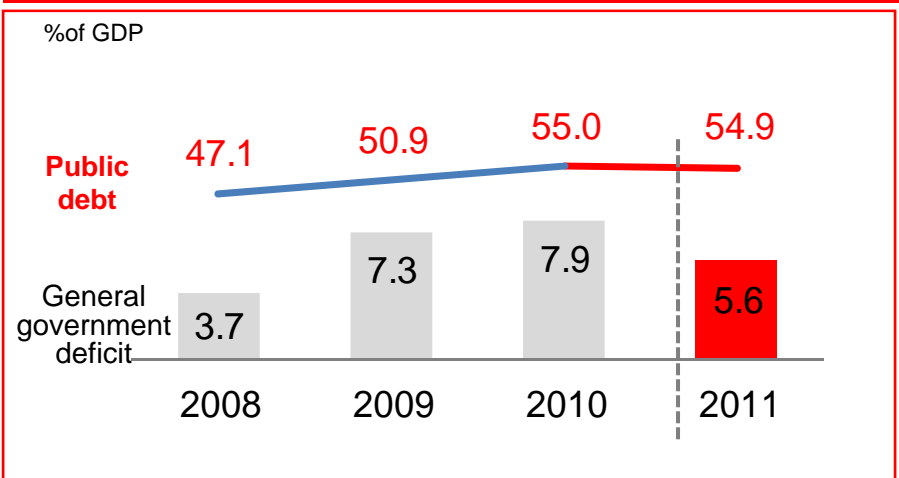
C/A Balance vs. FDI+EU funds



Unemployment Rate (LFS)



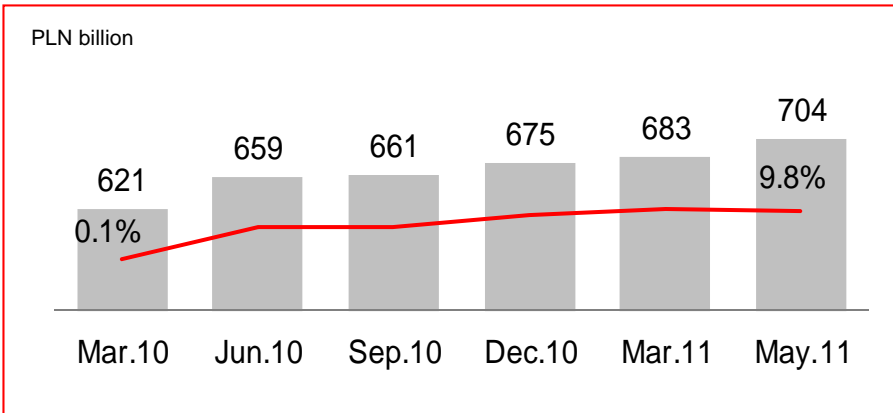
Fiscal policy indicators



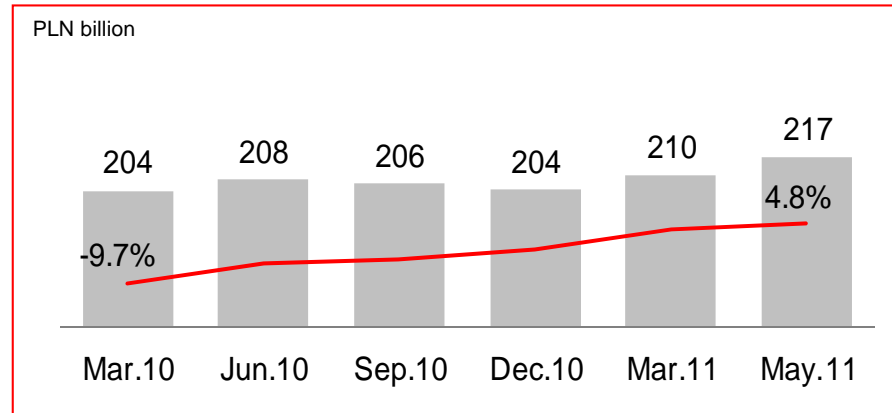
Source: The National Bank of Poland, Stat Office, BZWBK Research

Recovery in corporate loans, strong rise in mortgages, stagnation in consumer

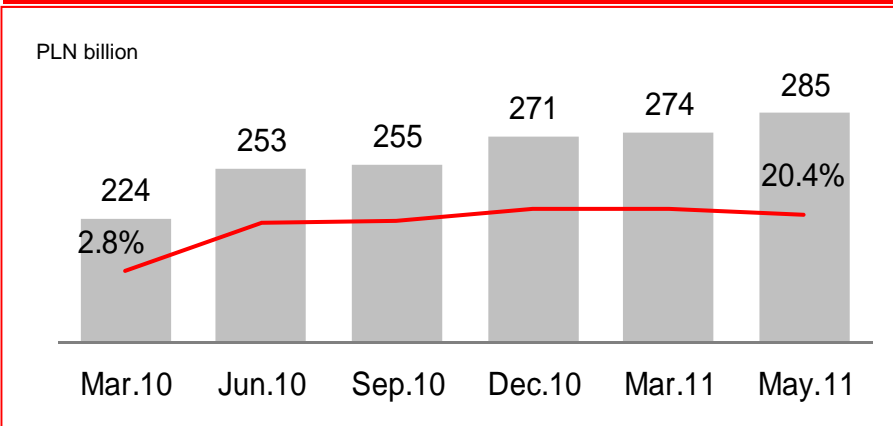
Total Loans



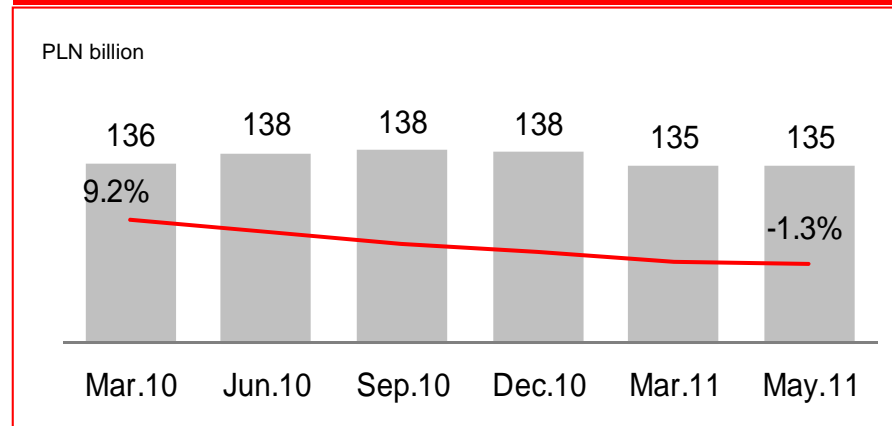
Loans to Corporations



Loans to Individuals (mortgage credit)



Loans to Individuals (consumer credit)



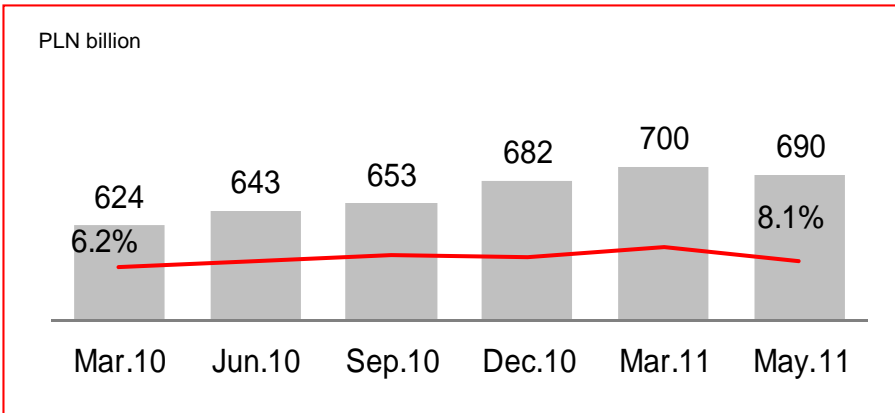
■ Volume ◆ Y-o- Y Variation %

Source: The National Bank of Poland

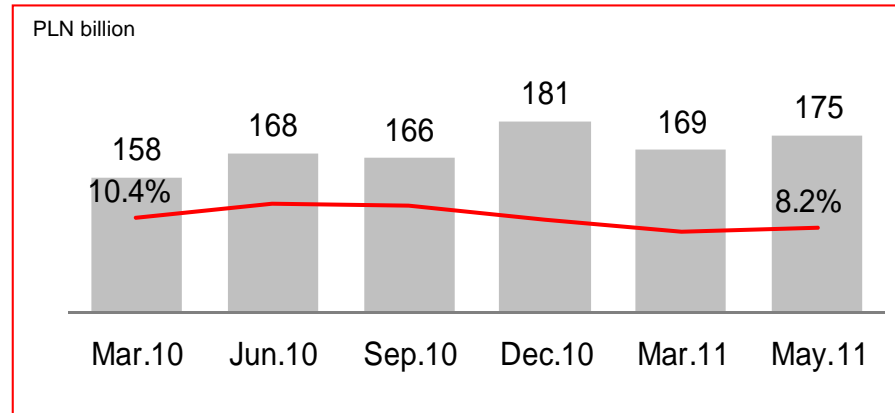
Financial System: Deposits Evolution

Total deposits up 8.1% in 12 months

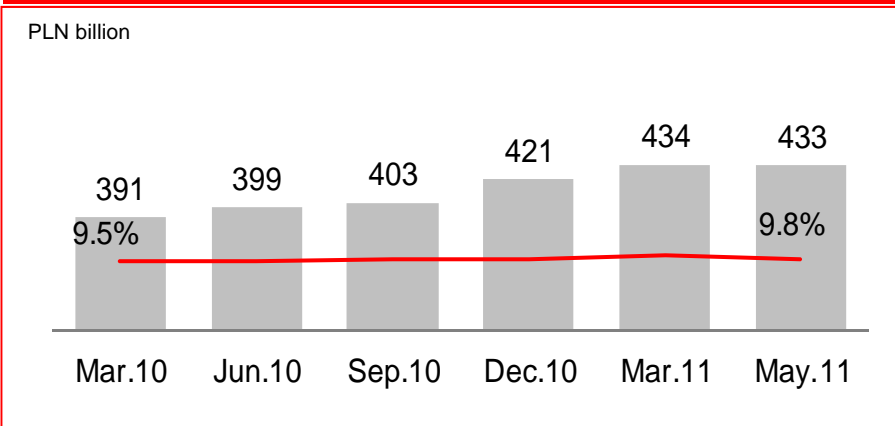
Total Deposits



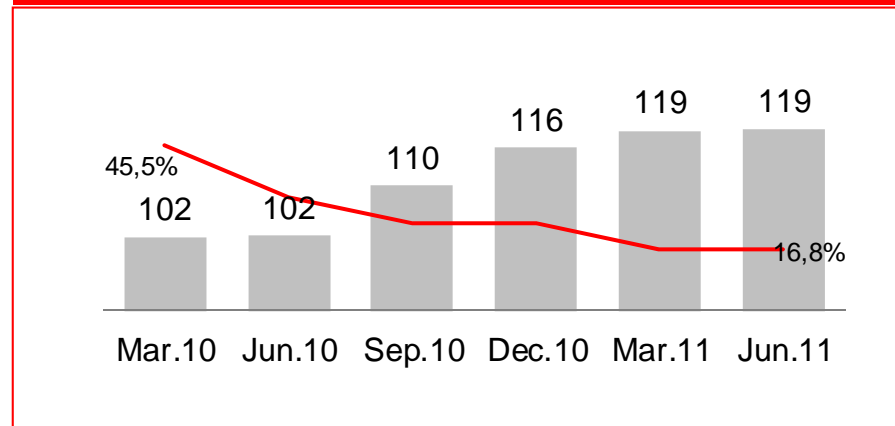
Corporations' Deposits



Households' Deposits



Mutual funds



■ Volume ◆ Y-o- Y Variation %

Source: The National Bank of Poland

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BZWBK Group



**630 branches
including
100 agencies**

- 1,040 ATM's
- 5 Corporate Banking Centres*
- 12 Business Banking Centres*
- 9 744 FTE's

Balance Sheet 30.06.2011

- Assets PLN 55,580m
- Loans PLN 34,695m
- Deposits PLN 40,770m

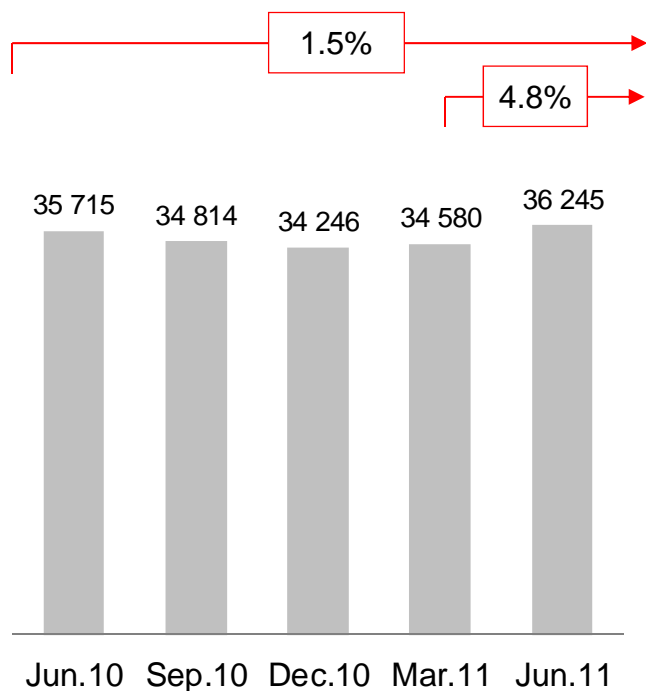
P&L H1 2011

- Income PLN 1,901m
- Costs PLN 910m
- PBT PLN 822m
- ROE 19.5%

* 3 Corporate Banking Centres and 2 representative offices, of CBCs 6 Business Banking Centres and 6 representative offices of BBCs

Loan growth recovery

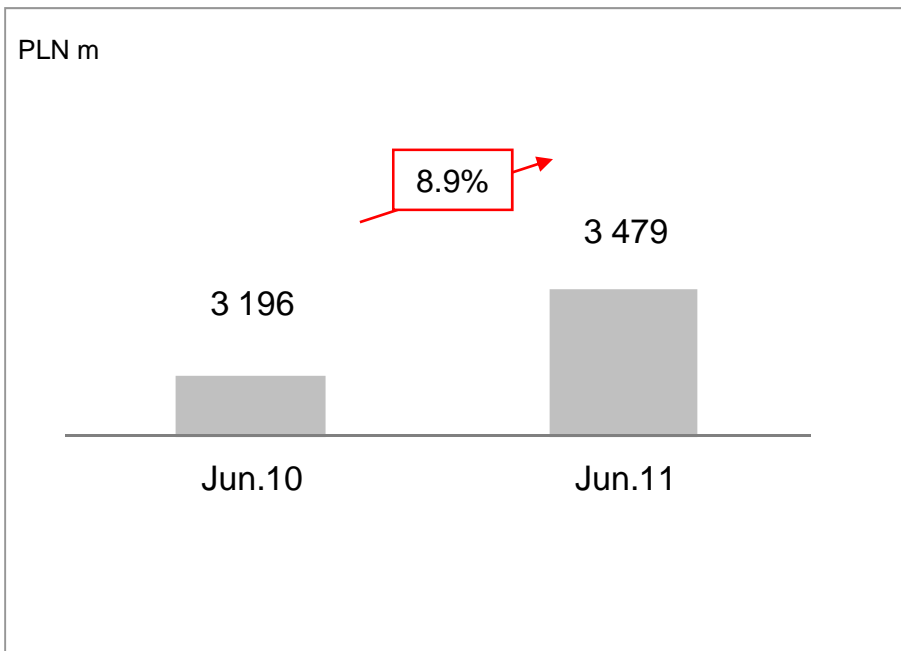
PLN m



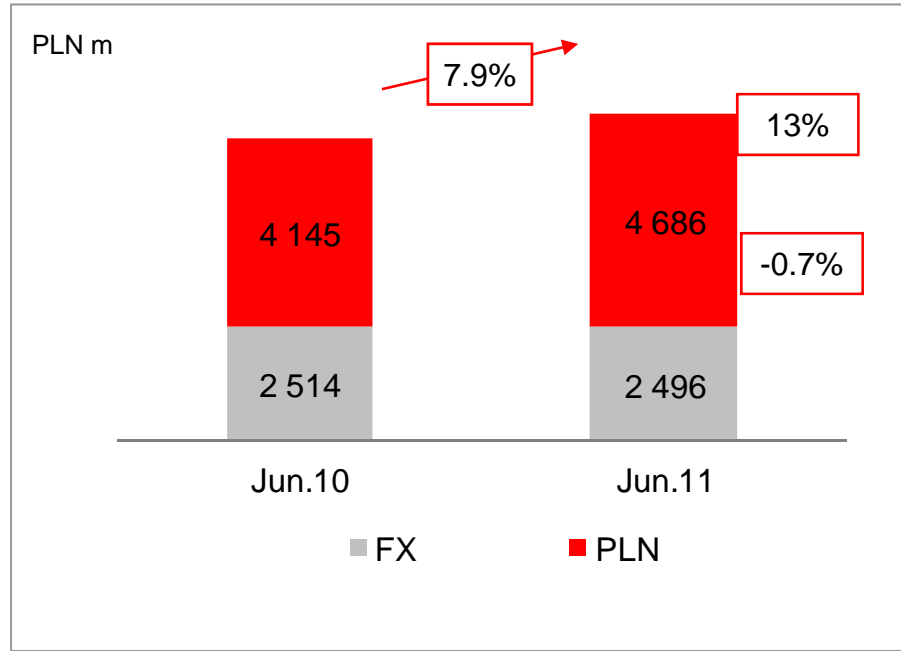
	30.06.11 PLN m	30.06.10 PLN m	Y-o-Y Variation	Q-o-Q Variation
Mortgage – personal	7 182	6 659	7.9%	4.2%
Other personal	4 841	4 595	5.4%	5.2%
Total personal	12 023	11 254	6.8%	4.6%
Business	21 895	21 920	-0.1%	5.5%
Leasing	2 327	2 541	-8.4%	-0.5%
Total gross loans	36 245	35 715	1.5%	4.8%

Highlight to Mortgage, Cash Loans

Cash Loans Individuals

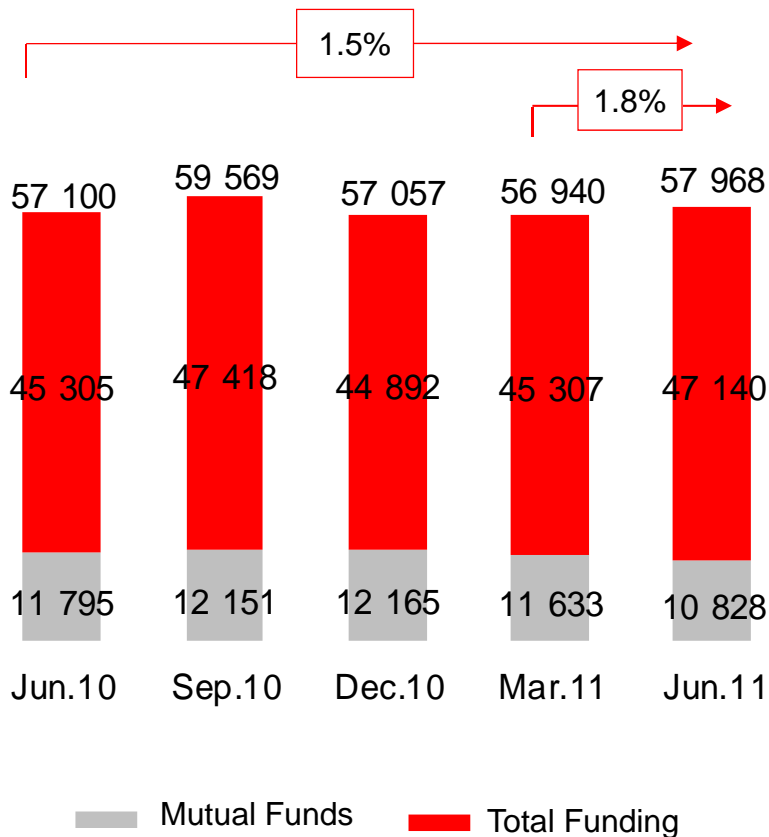


Mortgage



Highlight to time deposits (-2.9% YoY) and mutual funds (-8.2% YoY)

PLN m



	30.06.11 PLN m	30.06.10 PLN m	Y-o-Y Variation	Q-o-Q Variation
Demand+ Savings	18 120	17 978	0.8%	-1.4%
Time Deposits	22 650	23 320	-2.9%	-2.7%
Customer Deposits	40 770	41 298	-1.3%	-2.2%
Bank Deposits	5 972	4 007	49%	84%
Subordinated Liabilities	398	-	-	-
Total Funding	47 140	45 305	4.0%	4.0%
Mutual Funds	10 828	11 795	-8.2%	-6.9%
Total Funding + Mutual Funds	57 968	57 100	1.5%	1.8%

Market Share (%)	May 2011	April 2011	June 2010
Total Banking System Loans			
Total Loans	4.27	4.23	4.43
- Personal Loans	2.79	2.81	2.83
Deposits + Funds			
Personal total savings (deposits + IF)	6.43	6.49	7.24
- Deposits	5.23	5.15	5.63
Mutual Funds	8.10 <i>June 2011</i>	8.32	9.84

- Macroeconomic Scenario and Financial System

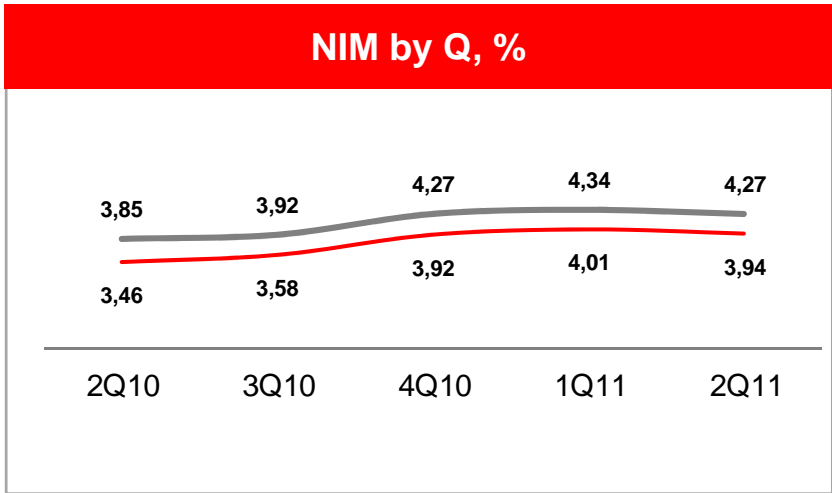
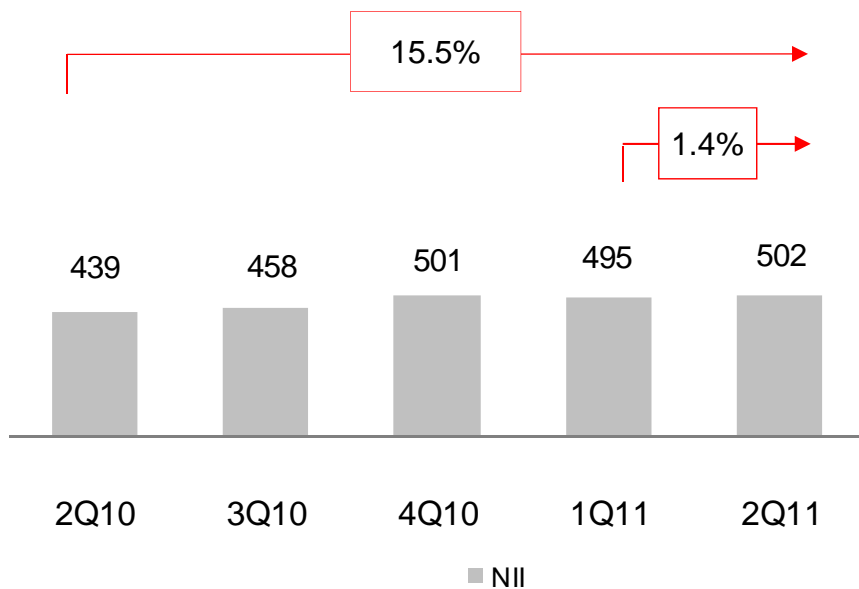
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Net Interest Income + 15.5% in 12 months

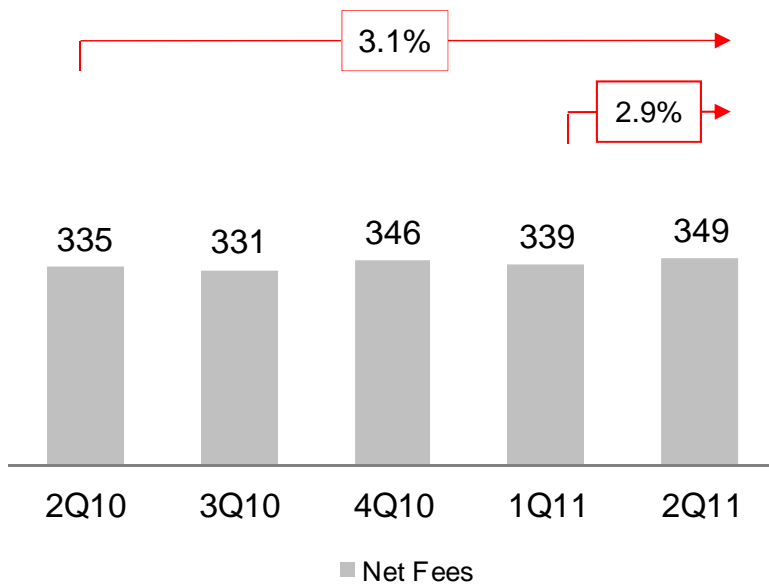
PLN m



■ Incl. swap points ■ Excl. swap points

Net Fees grow 3.1% YoY

PLN m



	1H11	1H10	Y-o-Y Variation	Q-o-Q Variation
Investment banking ¹	188	199	-5.5%	-4.2%
eBusiness&payments	153	132	15.9%	1.3%
Current accounts & money transfer	123	124	-0.8%	1.6%
FX fees	104	98	6.1%	0%
Loan fees	44	40	10.0%	9.5%
Insurance fees	35	38	-7.9%	50.0%
Other ²	41	36	13.9%	15.8%
Total	688	667	3.1%	2.9%

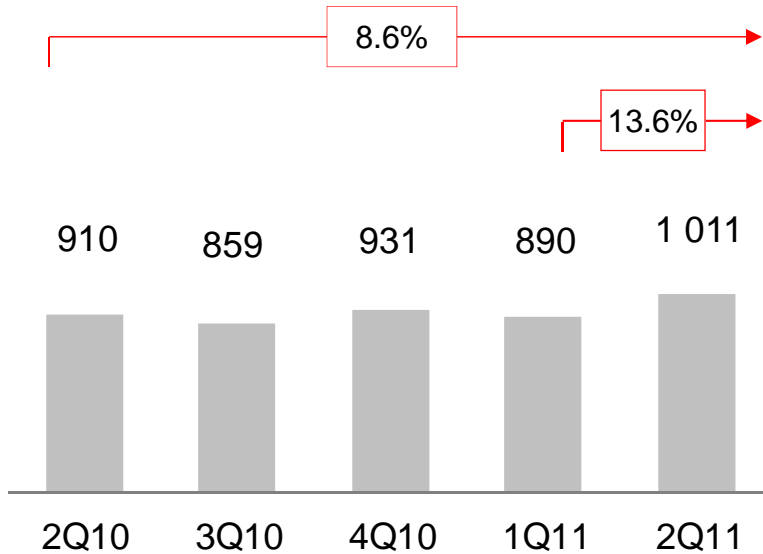
1. Brokerage fees, distribution and management fees

2. Includes off-balance sheet guarantees commissions, issue arrangement fees, credit cards fees, structured product fees and other

Results: Total Income

Total Income grow at 8.6% in 12 months

PLN m

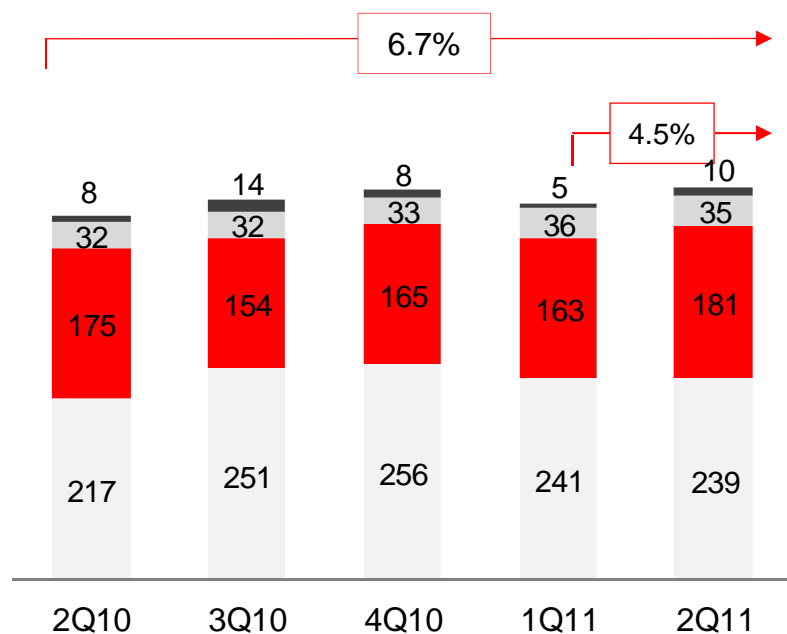


	1H11	1H10	Y-o-Y Variation	Q-o-Q Variation
Net Interest Income	997	863	15.5%	1.4%
Fees	688	667	3.1%	2.9%
Subtotal	1 685	1 530	10.1%	2.0%
Gain/Losses on financial transactions + Others	216	220	-1.8%	185.7%
Total Income	1 901	1 750	8.6%	13.6%

Results: Administrative Expenses and Amortization

Total Expenses grew at 6.7% in 12 months, and by 4.5% q/q

PLN m

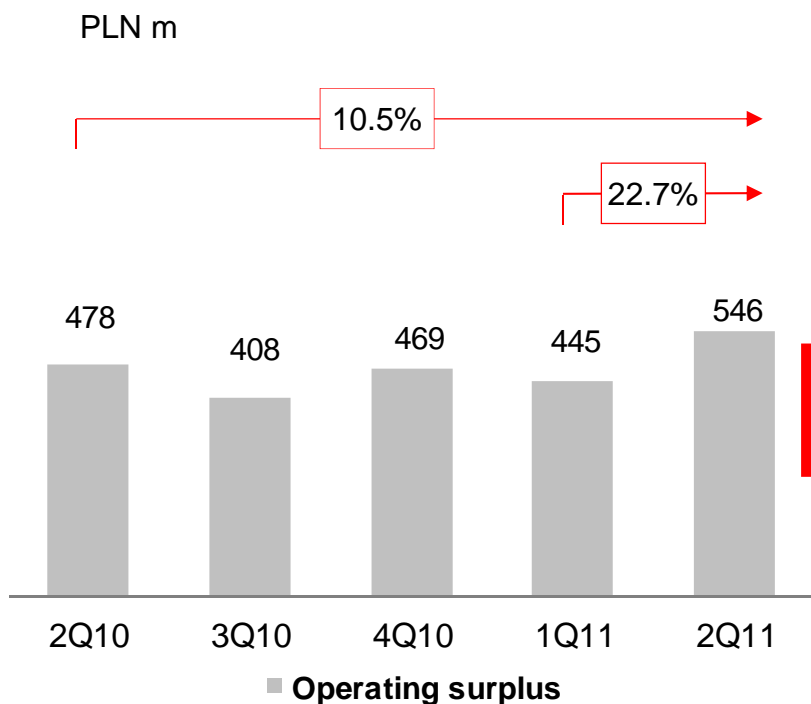


Other costs
 Amortization
 Administrative Expenses
 Staff costs

	1H11	1H10	Y-o-Y Variation	Q-o-Q Variation
Staff costs	480	451	6.4%	-0.8%
Administrative Expenses	344	323	6.5%	11.0%
Amortization	71	64	10.9%	-2.8%
Other costs	15	15	0%	66.7%
Total	910	853	6.7%	4.5%

Results: Operating Surplus

Operating surplus growth of 10.5% y/y mainly driven by net interest income

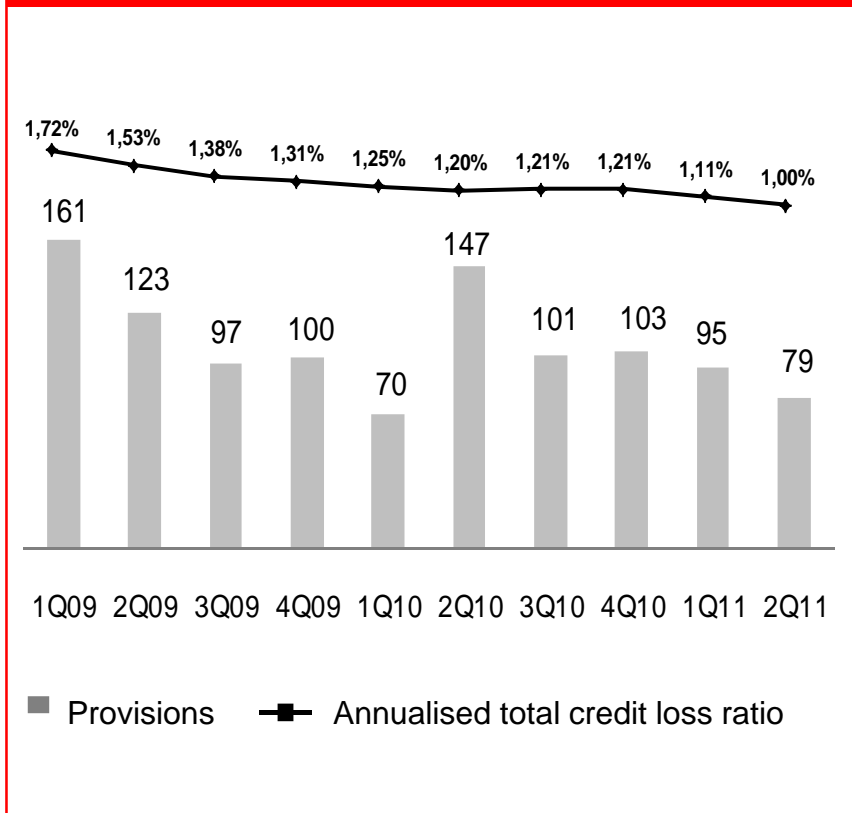


	1H11	1H10	Y-o-Y Variation	Q-o-Q Variation
Net Interest Income + Fees	1 685	1 530	10.1%	2.0%
Gain/ losses on financial transaction + Others	216	220	-1.8%	182.4%
Adm. Expenses + Amortization+ Other costs	(910)	(853)	6.7%	4.5%
Operating Surplus	991	897	10.5%	22.7%

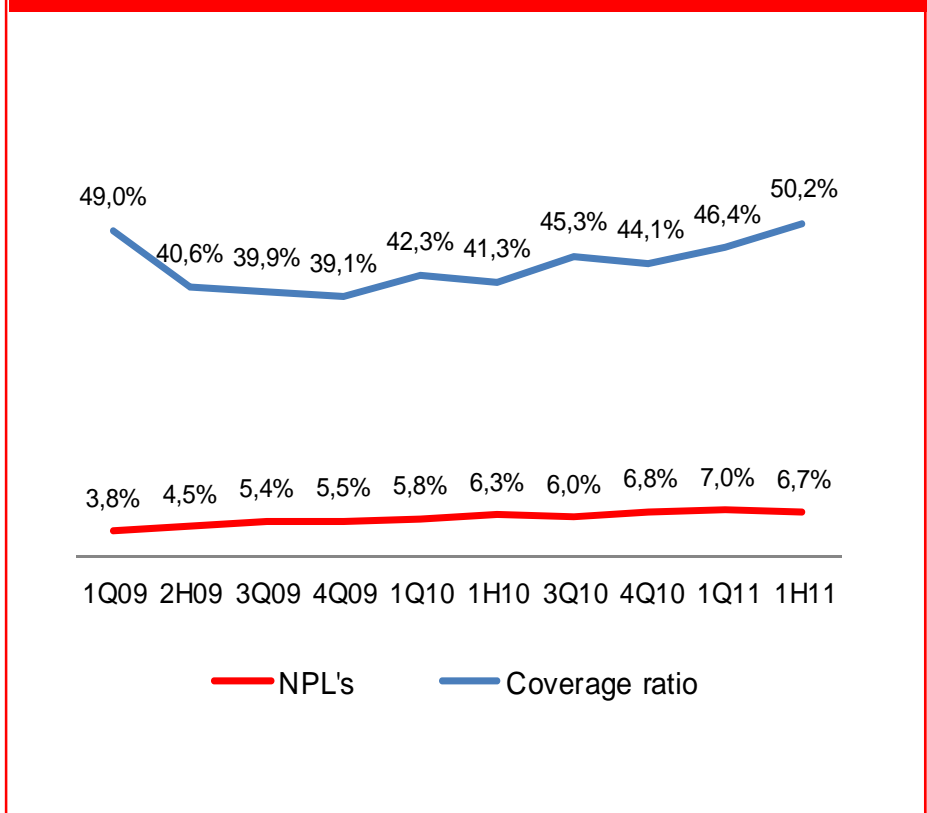
Asset quality slightly improved quarter on quarter

PLN m

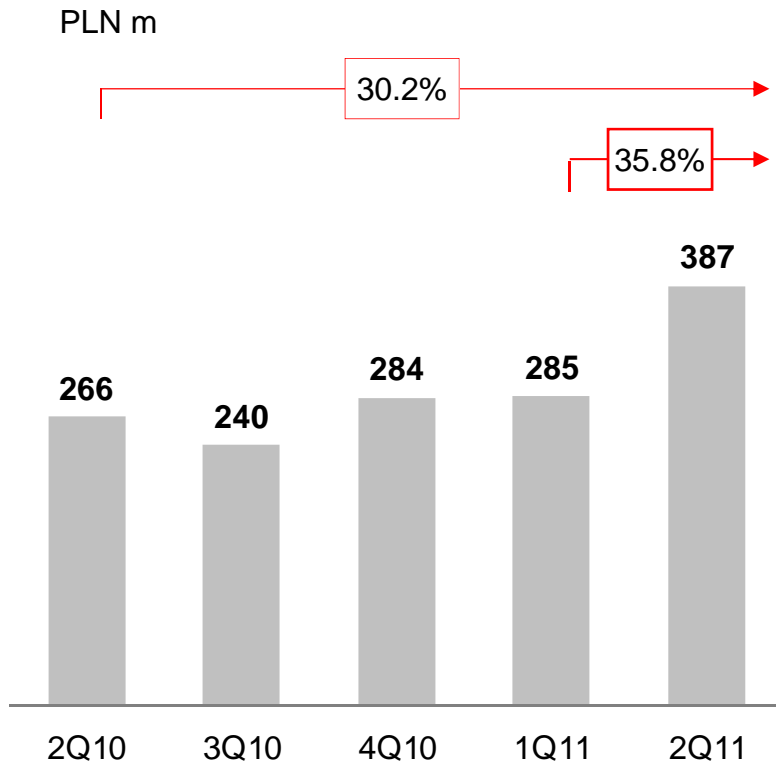
Provisions and Annualised total credit loss ratio



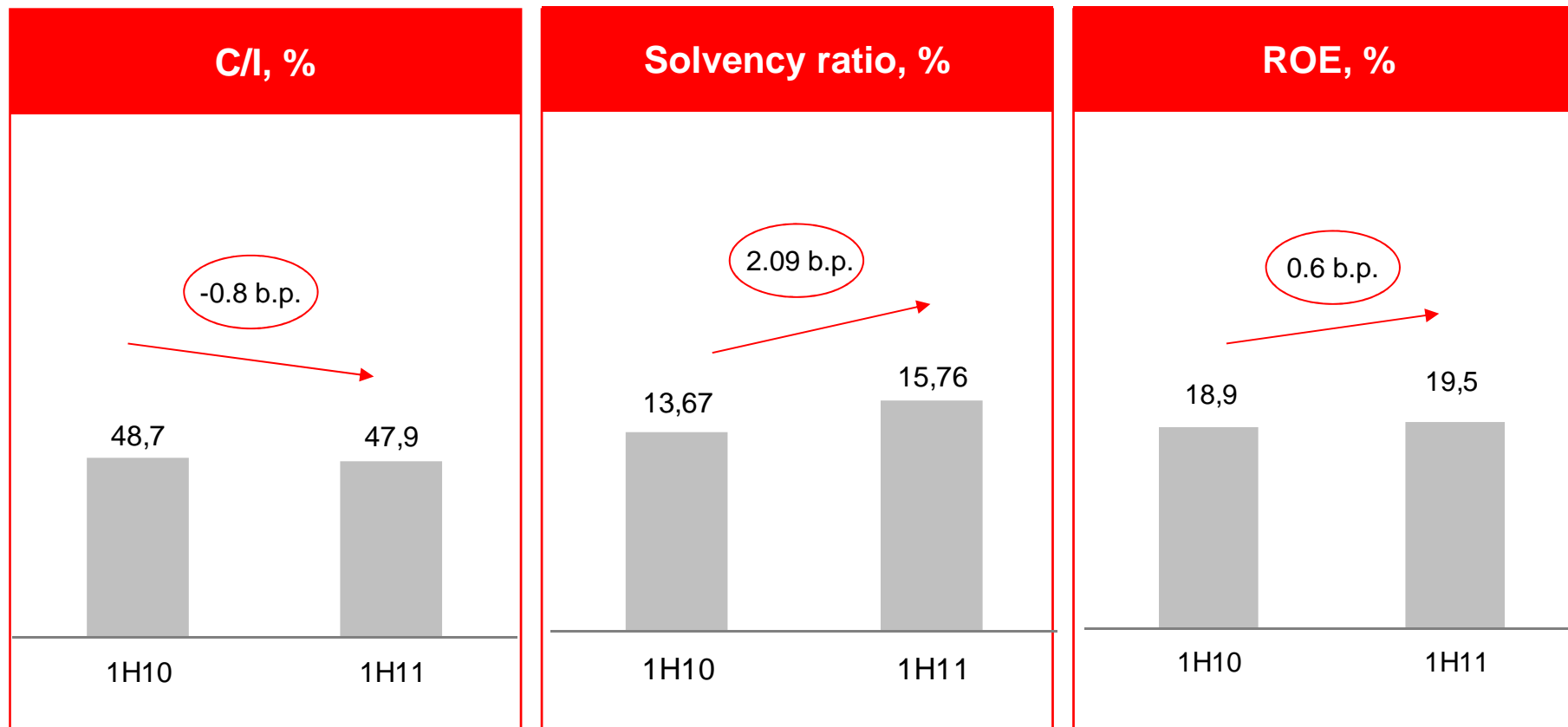
NPL and Coverage ratio (%)



Net Profit of PLN 672 Million in 1H11, growth of 30.2% in 12 months



	1H11	1H10	Var YoY %	Var 3M,%
Profit before Taxes	822	681	20.7%	32.9%
Taxes	(150)	(165)	-9.0%	20.6%
Net Profit	672	516	30.2%	35.8%
Attributable profit	641	483	32.7%	37.4%



Conclusions:

- ✓ Change in loan trends
- ✓ Close watch on the deposit situation on the market
- ✓ Strong marketing campaign increasing sales

Constant effort on integration with Santander Group

Growth in volume of business:

- ✓ Credit: 4.8% q/q
- ✓ Business loans +5.5% q/q, individual loans +4.6% q/q

Strong growth in interest income:

- ✓ +16% y/y
- ✓ + 2% q/q

Net profit – attributable profit of PLN 641m in 1H 2011, +32.7% y/y

ANNEXES

- P&L Account
- Balance sheet

P&L Account

for the period:	2Q 2011	1Q 2011	4Q 2010	3Q 2010	2Q 2010	1 Q 2010
Interest and similar income	826 526	794 387	792 406	767 560	781 882	788 453
Interest expense and similar charges	(323 999)	(299 811)	(290 956)	(309 614)	(343 572)	(363 984)
Net interest income	502 527	494 576	501 450	457 946	438 310	424 469
Fee and commission income	397 881	386 234	396 305	373 000	399 929	386 024
Fee and commission expense	(48 938)	(46 995)	(50 080)	(42 242)	(64 189)	(54 086)
Net fee and commission income	348 943	339 239	346 225	330 758	335 740	331 938
Dividend income	67 459	10	281	611	53 268	354
Net trading income and revaluation	71 073	38 847	60 258	60 810	70 265	67 398
Gains (losses) from other financial securities	5 455	(170)	2 235	1 301	108	8 764
Gains (losses) from investment in subsidiaries and associates	-	-	-	-	-	-
Other operating income	15 721	17 861	20 733	7 194	11 619	7 793
Impairment losses on loans and advances	(78 750)	(94 854)	(103 192)	(100 753)	(146 447)	(70 362)
Operating expenses incl.:	(465 341)	(445 215)	(462 529)	(451 227)	(431 105)	(421 484)
<i>Bank's staff, operating expenses and management costs</i>	(420 227)	(403 677)	(421 765)	(404 870)	(391 673)	(382 284)
<i>Depreciation/amortisation</i>	(35 716)	(35 900)	(32 735)	(32 356)	(31 838)	(31 838)
<i>Other operating expenses</i>	(9 398)	(5 638)	(8 029)	(14 001)	(7 594)	(7 362)
Operating profit	467 087	350 294	365 461	306 640	331 758	348 870
Share in net profits (losses) of entities accounted for by the equity method	1 726	3 171	1 925	1 161	1 577	(211)
Profit before tax	468 813	353 465	367 386	307 801	333 335	348 659
Corporate income tax	(82 262)	(68 536)	(82 984)	(68 634)	(65 991)	(99 003)
Profit for the period	386 551	284 929	284 402	239 167	267 344	249 656
incl.:						
attributable to owners of BZ WBK S.A.	370 861	270 216	267 719	222 916	250 109	233 479
attributable to non-controlling interests	15 690	14 713	16 683	16 251	17 235	16 177

Balance Sheet

	2 Q 2011	1 Q 2011	4 Q 2010	3 Q 2010	2 Q 2010	1 Q 2010
ASSETS						
Cash and balances with central bank	2 186 580	1 256 357	2 534 463	1 153 293	1 477 897	2 552 144
Loans and advances to banks	798 441	1 537 053	619 655	1 691 693	1 026 364	1 023 662
Financial assets held for trading & hedging	3 708 442	2 752 120	2 253 734	3 905 916	1 625 651	5 223 314
Loans and advances to customers	34 694 969	33 085 129	32 838 385	33 419 855	34 333 567	33 555 314
Investment securities	12 625 033	13 607 384	13 395 355	13 676 997	13 406 056	12 364 652
Investments in associates and joint ventures	93 327	91 065	87 360	83 077	81 916	81 676
Intangible assets	175 531	165 654	172 561	165 576	170 861	176 009
Property, plant & equipment	518 247	529 426	547 536	545 488	560 200	575 171
Net deferred tax assets	301 571	314 617	309 164	333 815	312 293	298 709
Other assets	477 704	12 118 171	395 658	509 704	589 014	428 747
Total assets	55 579 845	65 456 976	53 153 871	55 485 414	53 583 819	56 279 398
LIABILITIES						
Deposits from central bank	-	-	-	-	224 323	1 023 474
Deposits from banks	5 972 202	3 174 979	2 526 082	7 402 531	3 782 569	4 214 725
Financial liabilities held for trading & hedging	653 877	599 240	595 052	575 645	900 811	674 929
Deposits from customers	40 769 594	41 667 795	41 970 454	39 617 708	41 298 498	42 944 022
Debt securities in issue	-	-	-	397 721	-	-
Subordinated liabilities	398 015	400 339	395 230	-	-	-
Current income tax liabilities	27 975	14 162	82 858	120 813	92 105	66 006
Other liabilities	908 735	12 581 055	810 620	857 064	1 038 158	1 034 945
Total liabilities	48 730 398	58 437 570	46 380 296	48 971 482	47 336 464	49 958 101
Equity						
Equity attributable to owners of BZ WBK S.A.	6 735 002	6 854 209	6 623 056	6 380 492	6 130 530	6 196 601
Share capital	730 760	730 760	730 760	730 760	730 760	730 760
Other reserve funds	4 678 606	4 348 692	4 344 640	4 342 765	4 342 765	3 567 001
Revaluation reserve	481 968	393 653	433 134	460 165	433 119	456 994
Retained earnings	202 591	1 110 888	140 299	140 298	140 298	1 208 367
Profit of the current period	641 077	270 216	974 223	706 504	483 588	233 479
Non-controlling interest	114 445	165 197	150 519	133 440	116 825	124 696
Total equity	6 849 447	7 019 406	6 773 575	6 513 932	6 247 355	6 321 297
Total equity and liabilities	55 579 845	65 456 976	53 153 871	55 485 414	53 583 819	56 279 398

