

# BZWBK Group

## Results 31.03.2012

April 26<sup>th</sup>, 2012

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.

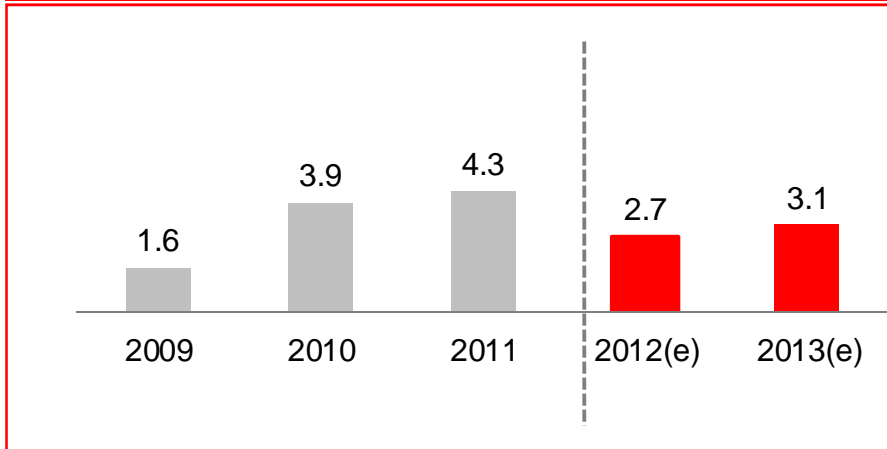
- **Macroeconomic Scenario and Financial System**

- 31.03.2012

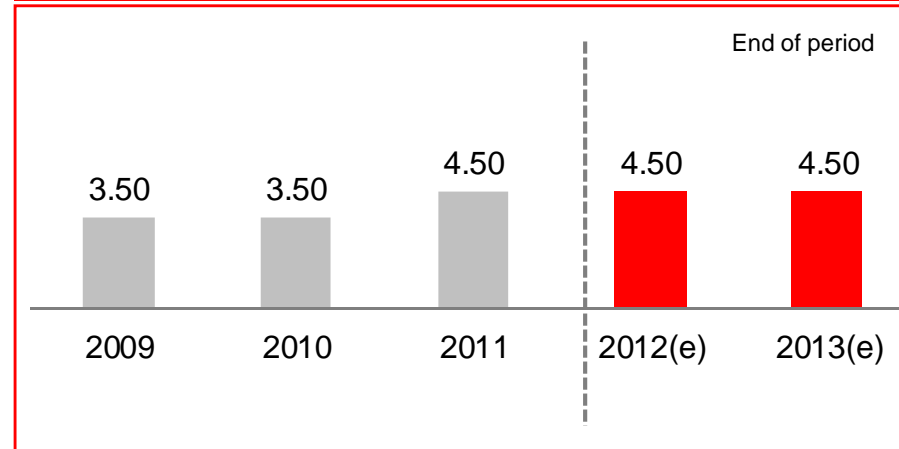
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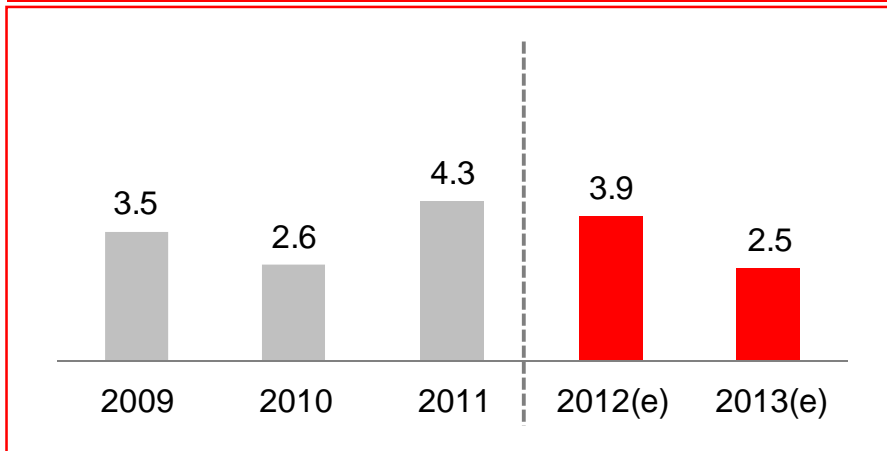
## GDP (real annual growth %)



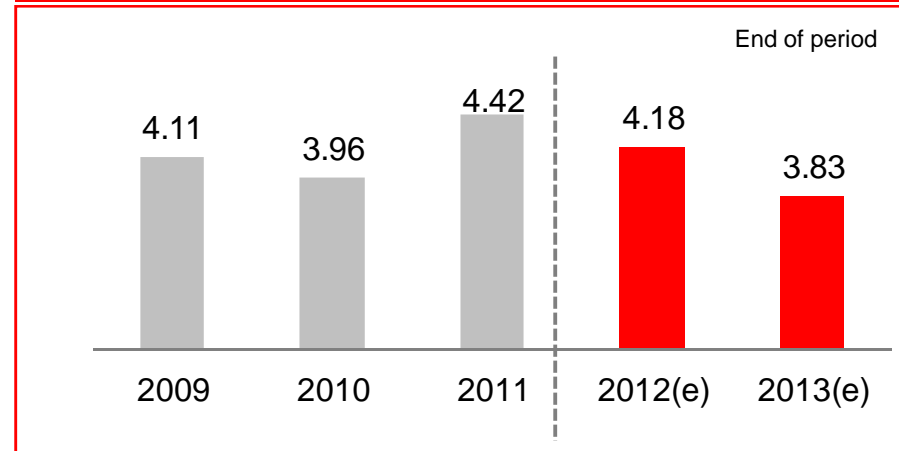
## Interest Rate – NBP reference rate (%)



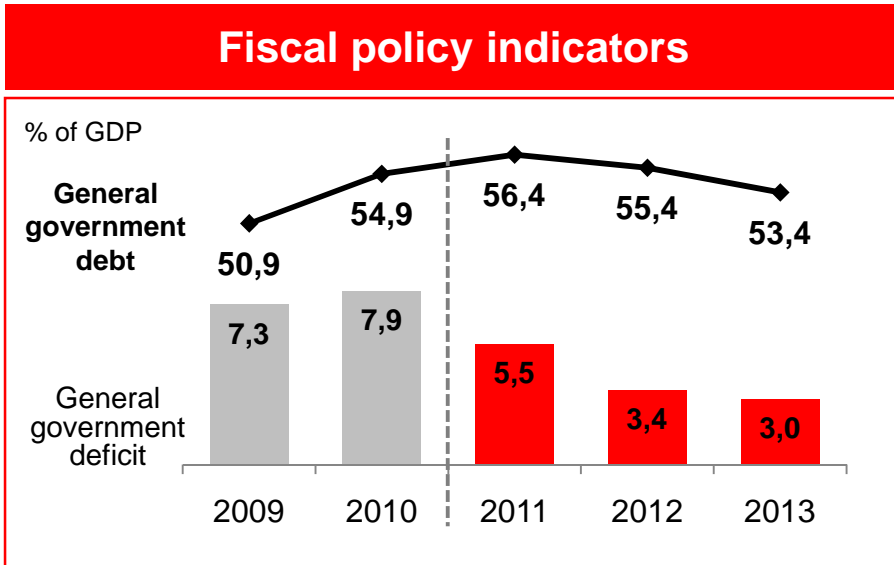
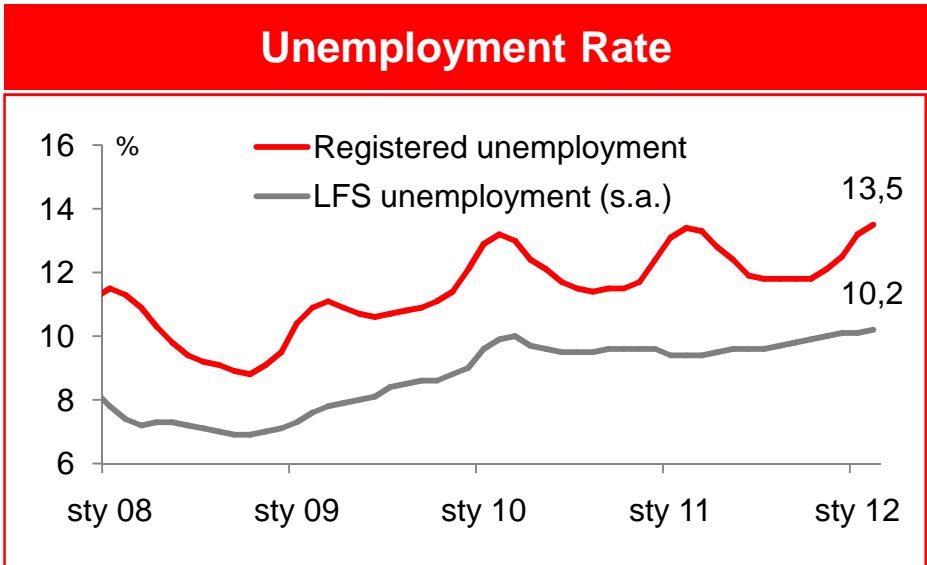
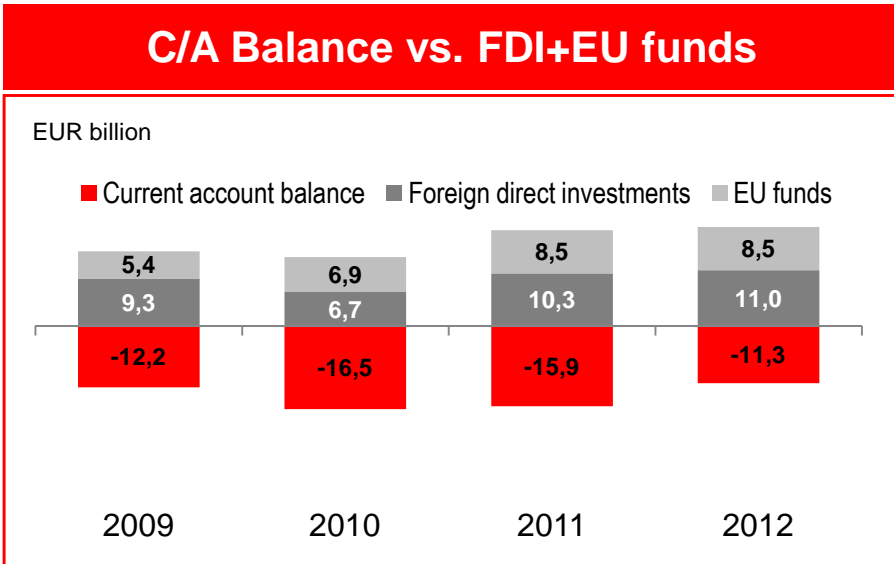
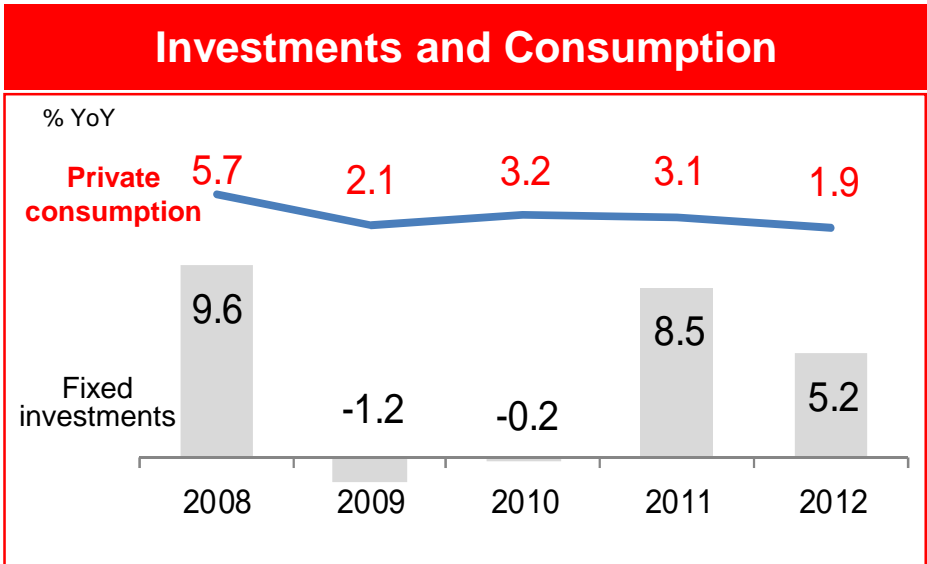
## Inflation (CPI %)



## Exchange Rate – PLN/EUR



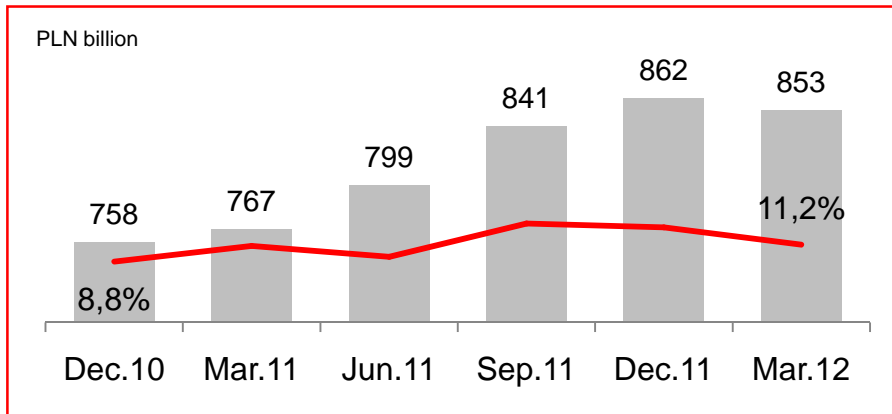
Source: National Bank of Poland, Central Statistical Office, Santander Research



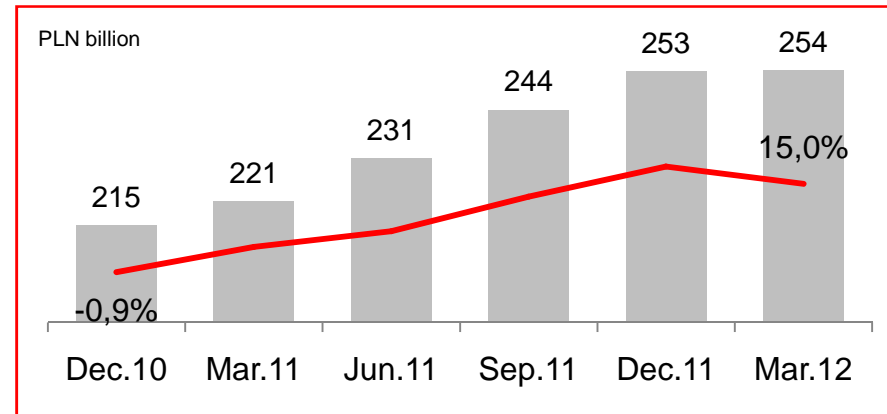
Source: National Bank of Poland, Central Statistical Office, Eurostat, Santander Research

## Slowdown in loan growth at the start of 2012

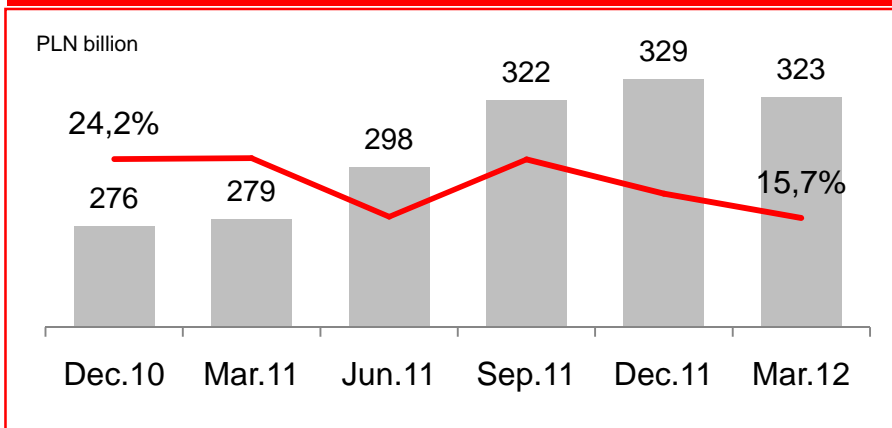
### Total Loans



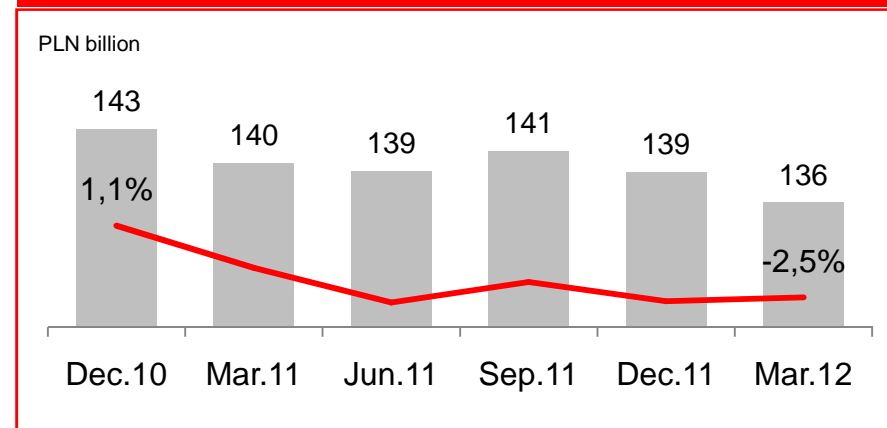
### Loans to Corporations



### Loans to individuals (mortgage credit)



### Loans to individuals (consumer credit)

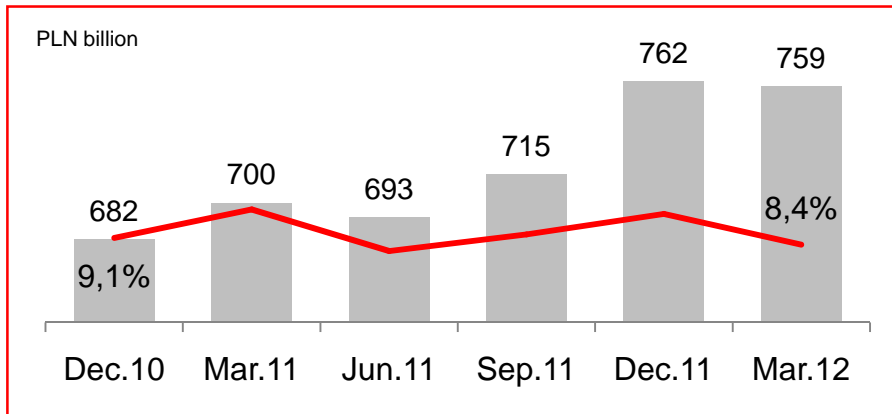


■ Volume    ◆ Y-o-Y Variation %

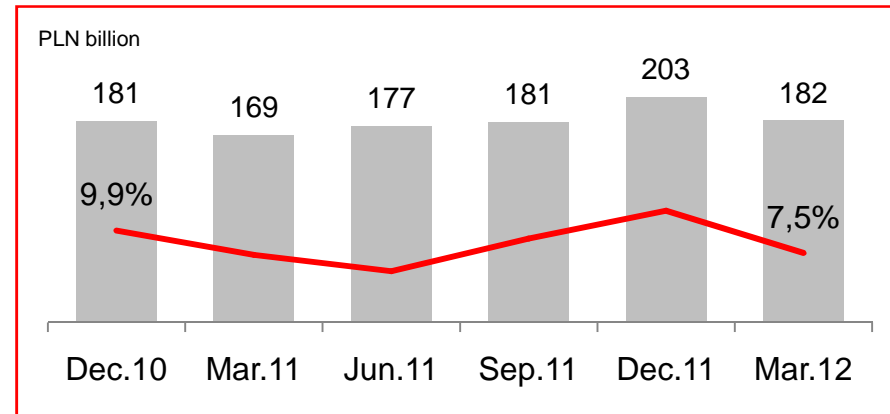
Source: National Bank of Poland

## Deposit growth

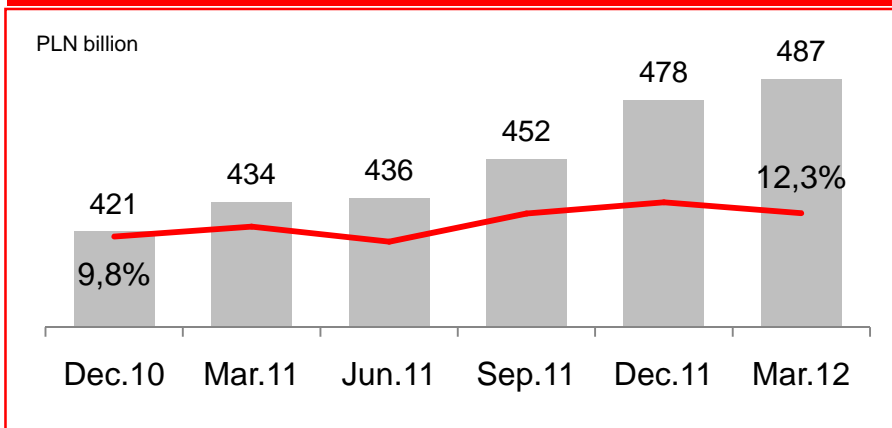
### Total Deposits



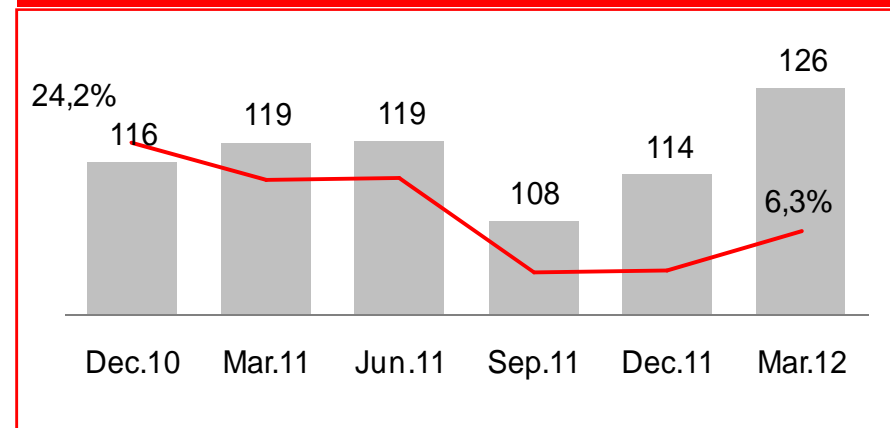
### Corporate Deposits



### Household Deposits



### Mutual funds



■ Volume    ◆ Y-o-Y Variation %

Source: National Bank of Poland

- Macroeconomic Scenario and Financial System

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# BZWBK Group



## BZ WBK features

▪ Branches	628
- incl. agencies	102
▪ ATMs	1 045
▪ Employees ( FTE's)	9.2 k
▪ Corporate Banking Centres	3
▪ Business Banking Centres	7

## Balance Sheet 31.03.2012

▪ Assets	PLN 59 010 m
▪ Loans	PLN 38 122 m
▪ Deposits	PLN 43 486 m
▪ Total assets *	+9.7% Y-o-Y

## P&L 31.03.2012

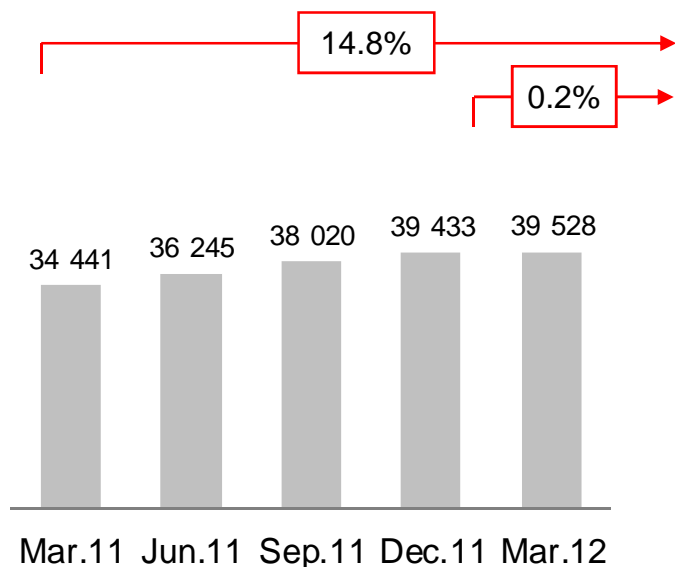
▪ Income	PLN 946 m
▪ Costs	PLN 458 m
▪ PBT	PLN 411 m
▪ ROE**	21.1 %

\* The percentage YoY growth in total assets as at 31.03.2012 excludes the impact of a once-off transaction at end March, 2011 of PLN 11,668m relating to the tender for BZ WBK shares by Banco Santander. The transaction was settled on 1 April 2011

\*\* Excluding Q4, 2011 once-off adjustments of PLN 89 m

## Loan growth driven by Cash Loans, SME and Large Corporate

PLN m

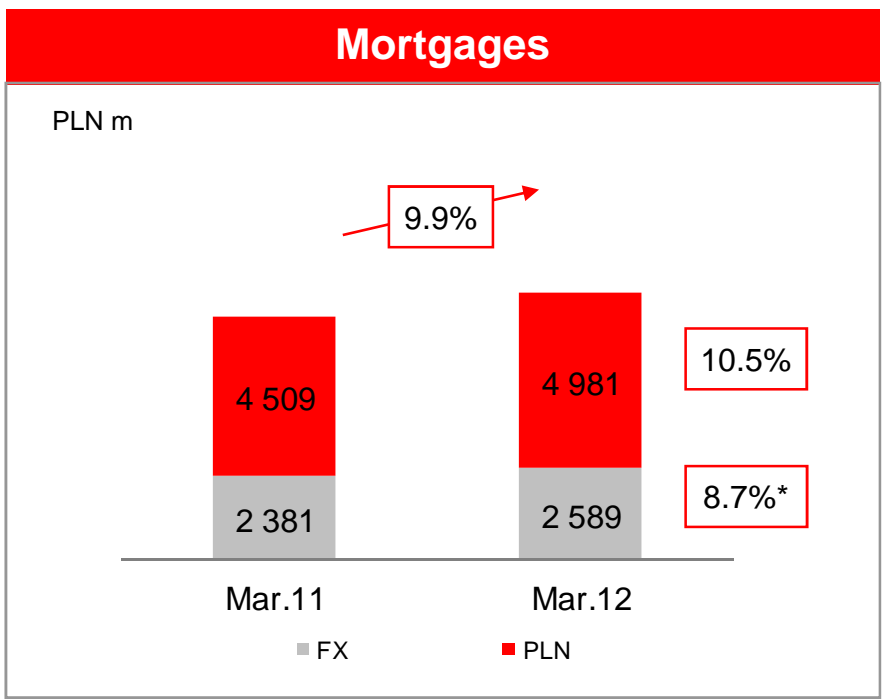
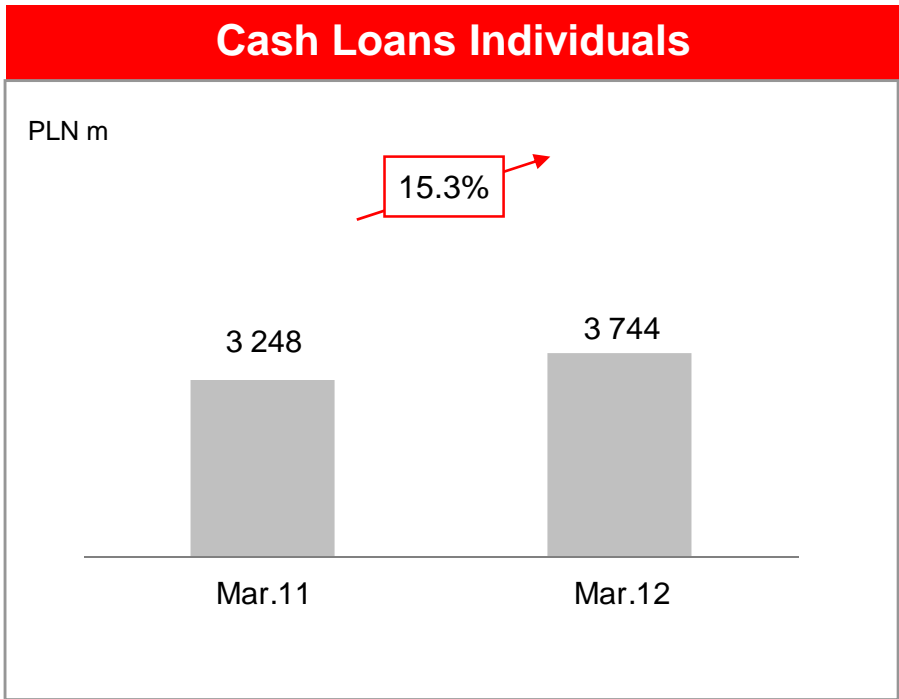


	31.03.12	31.03.11	Y-o-Y Variation	Q-o-Q Variation
Mortgage	7 570	6 890	9.9%	-0.5%
Other personal	5 073	4 603	10.2%	2.1%
<b>Total personal</b>	<b>12 643</b>	<b>11 493</b>	<b>10.0%</b>	<b>0.6%</b>
Business	26 885	22 948	17.2%	0.1%
<b>Total gross loans</b>	<b>39 528</b>	<b>34 441</b>	<b>14.8%</b>	<b>0.2%</b>

### Comments

- Y-o-Y variation excluding FX effect:
  - Mortgage loans 6%
  - Total personal 8%
  - Business 15%
  - Total Loans 13%
- PLN loans comprise 69% of total gross loan portfolio

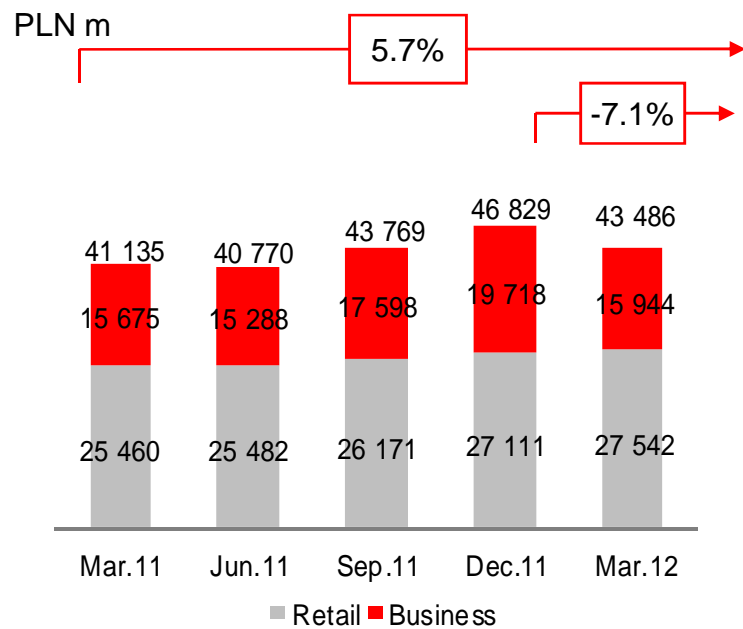
Personal lending +10.0 % Y-o-Y



- ### Comments
- Gaining market share in cash loans
  - Highest sale ever of cash loans in March

\* FX mortgage decrease of 1.5% excluding FX effect

## Active management of deposits

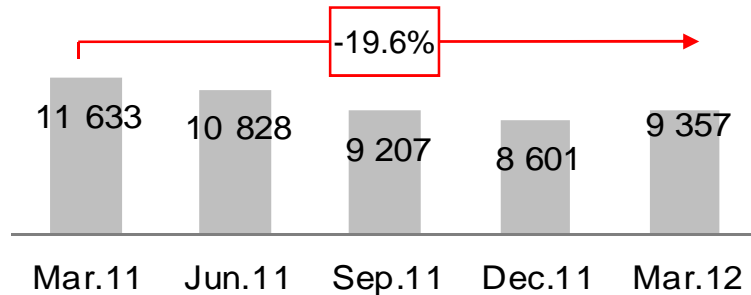


	31.03.12	31.03.11	Y-o-Y Variation	Q-o-Q Variation
Demand	12 181	11 058	10.2%	-0.1%
Savings	6 672	6 787	-1.7%	8.0%
Time Deposits	24 633	23 290	5.8%	-13.5%
<b>Customer Deposits</b>	<b>43 486</b>	<b>41 135</b>	<b>5.7%</b>	<b>-7.1%</b>

### Comments

- Business deposits -19.1% Q-o-Q due to maturity of once off large corporate deposits.
- Retail deposits +8.2% Y-o-Y
- Mutual funds +8.8% Q-o-Q

### Mutual Funds



Market Share (%)	March 2012	December 2011	March 2011
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## Total Banking System Loans

Total Loans	4.22	4.20	4.12
- Cash Loans	3.79	3.62	3.23

## Deposits + Funds

Total Deposits	5.12	5.53	5.21
- Personal Deposits	5.82	5.80	5.94
- Business Deposits	4.24	5.18	4.31

- Macroeconomic Scenario and Financial System

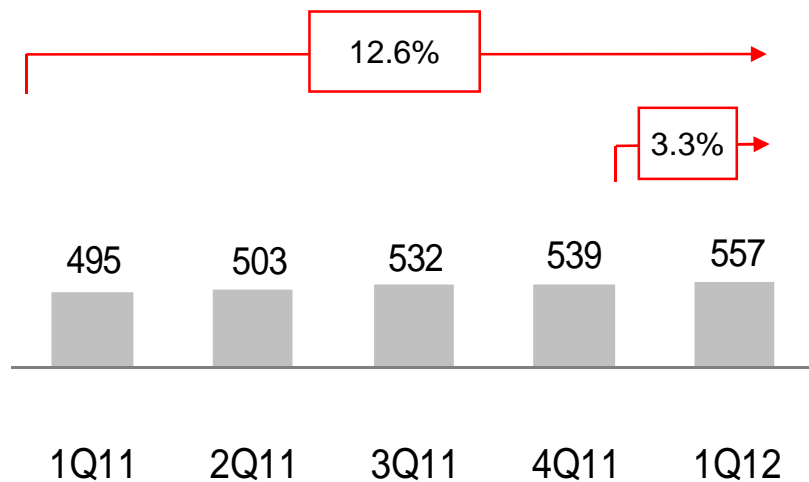
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## Net Interest Income +12.6% Y-o-Y

PLN m



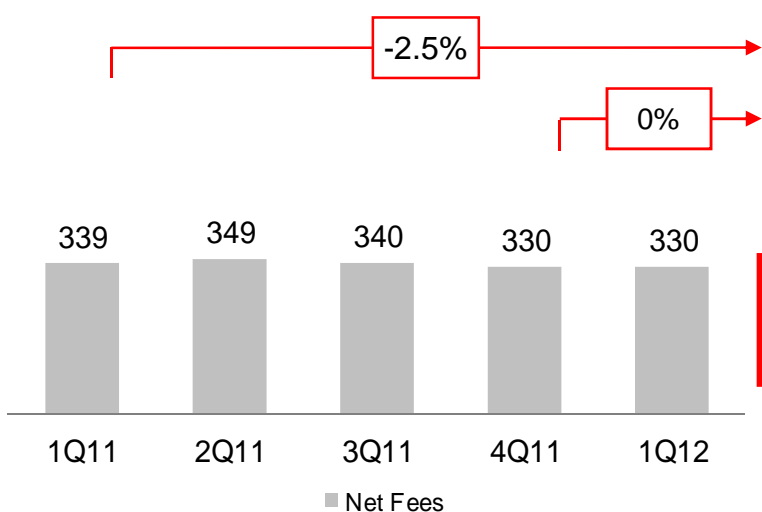
NIM by Q, %				
4,34	4,27	4,29	4,23	4,27
1Q11	2Q11	3Q11	4Q11	1Q12

Comments
<ul style="list-style-type: none"> <li>▪ Active management of Net Interest Margin</li> </ul>



## Net Fees flat

PLN m



	31.03.12	31.03.11	Y-o-Y Variation	Q-o-Q Variation
eBusiness & payments	80	76	5.1%	-1.7%
Investment banking <sup>1</sup>	66	96	-31.7%	-2.6%
Current accounts & money transfer	59	61	-2.2%	-0.8%
FX fees	54	52	4.1%	-10.1%
Loan fees	30	21	40.9%	-0.7%
Insurance fees	25	14	77.7%	48.2%
Other <sup>2</sup>	16	19	-14.8%	12.1%
<b>Total</b>	<b>330</b>	<b>339</b>	<b>-2.5%</b>	<b>0%</b>

- ### Comments
- Investment banking revenues impacted by lower volumes
  - Strong underlying increase in insurance income

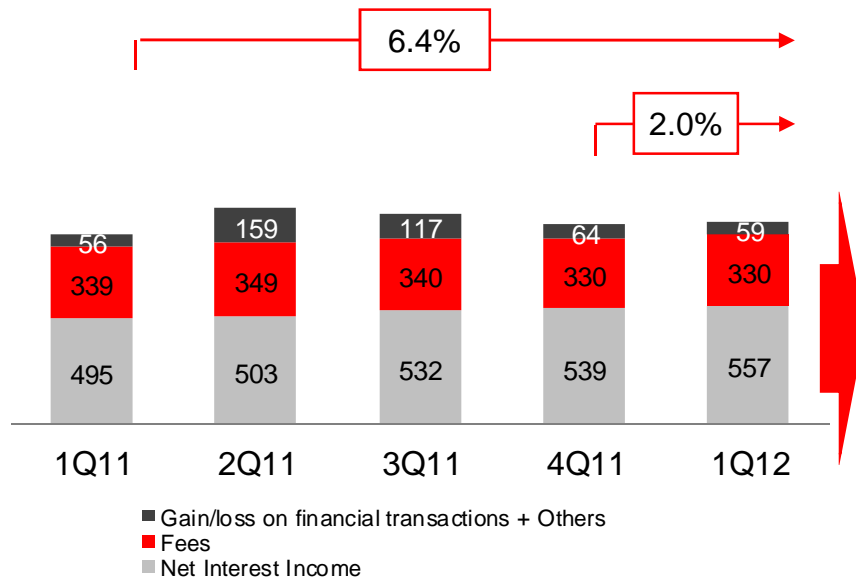
1. Brokerage fees, distribution and management fees

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

# Results: Total Income

Total Income grew at 6.4% Y-o-Y

PLN m

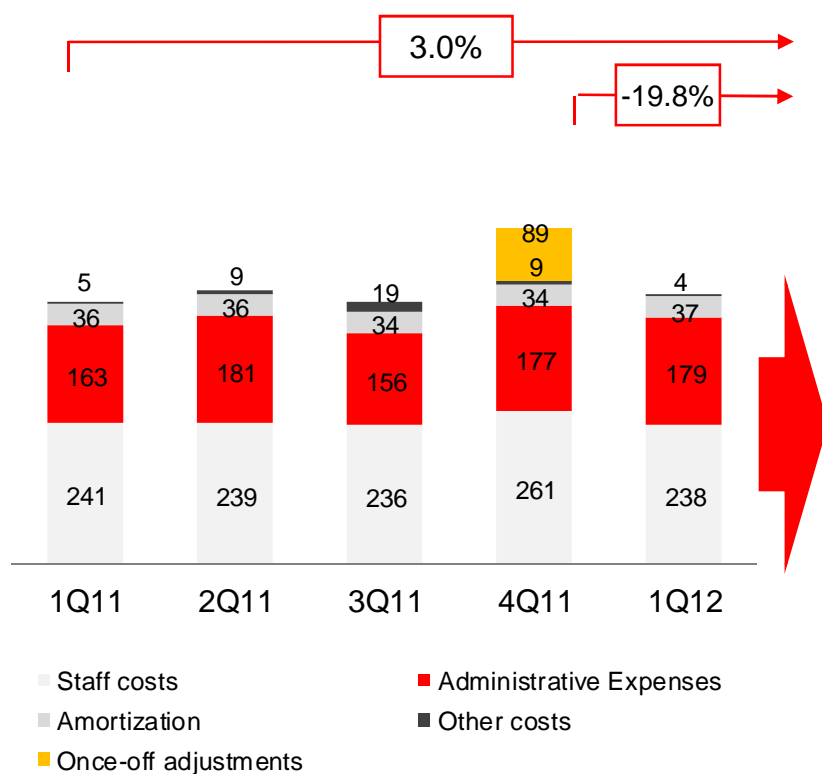


	31.03.12	31.03.11	Y-o-Y Variation	Q-o-Q Variation
Net Interest Income	557	495	12.6%	3.3%
Fees	330	339	-2.5%	0%
<b>Subtotal</b>	<b>887</b>	<b>834</b>	<b>6.4%</b>	<b>2.0%</b>
Gain/Loss on financial transactions + Others	59	56	5.1%	-7.6%
<b>Total Income</b>	<b>946</b>	<b>890</b>	<b>6.4%</b>	<b>1.4%</b>

# Results: Administrative Expenses and Amortization

Total expenses grew at 3.0% Y-o-Y and -19.8 % Q-o-Q

PLN m



	31.03.12	31.03.11	Y-o-Y Variation	Q-o-Q Variation
Staff costs	238	241	-1.2%	-8.7%
Administrative Expenses	179	163	9.9%	-1.6%
Amortization	37	36	2.7%	-66.4%
Other costs	4	5	-20.3%	-79.4%
<b>Total</b>	<b>458</b>	<b>445</b>	<b>3.0%</b>	<b>-19.8% *</b>

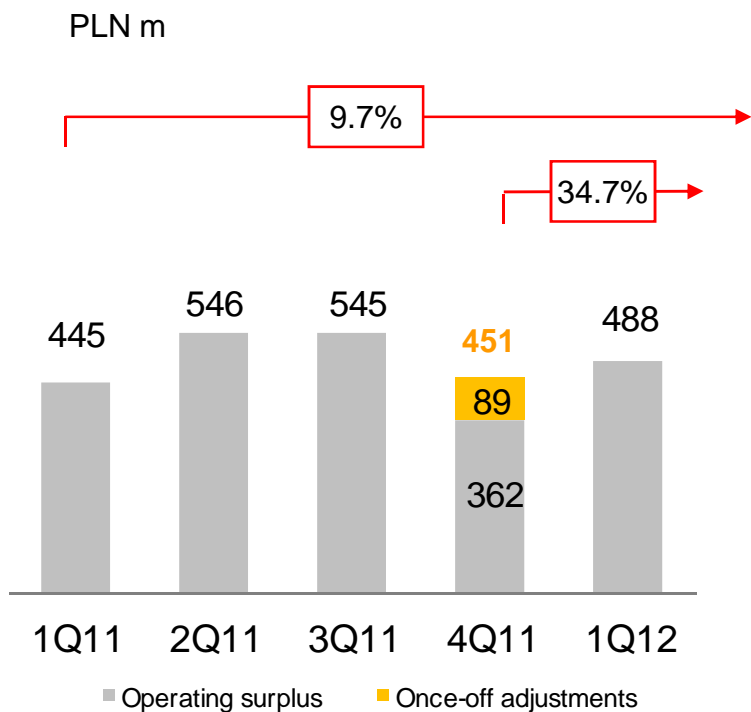
## Comments

- Increased marketing costs Y-o-Y
- Cost – 4.8% Q-o-Q excluding once-off adjustments in Q4 2011
- Initial costs related to the Kredyt Bank merger reflected in Q1 expenses

\* Including the impact of once-off adjustments

# Results: Net operating income

Net operating income growth of 9.7% mainly driven by NII



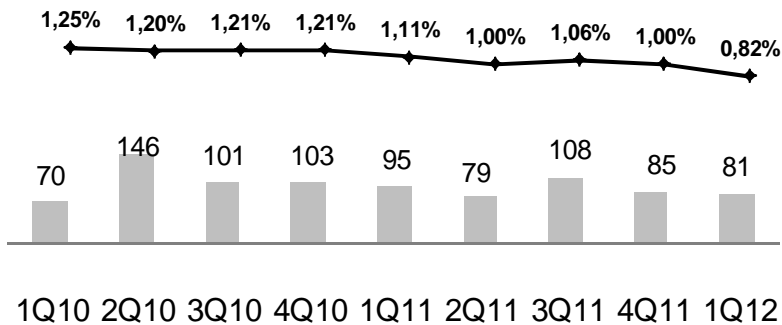
	31.03.12	31.03.11	Y-o-Y Variation	Q-o-Q Variation
Net Interest Income + Fees	887	834	6.4%	2.0%
Gain on financial transactions + Others	59	56	5.1%	-7.6%
Adm. Expenses + Amortization + Other costs	(458)	(445)	3.0%	-19.8%
<b>Net operating income</b>	<b>488</b>	<b>445</b>	<b>9.7%</b>	<b>34.7%*</b>

\* Including the impact of once-off adjustments

## Asset quality improved quarter on quarter

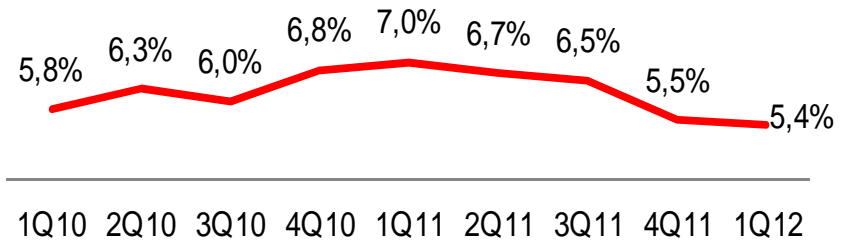
PLN m

### Provisions and Annualised total credit loss ratio

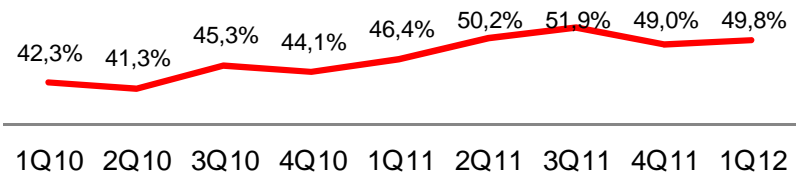


■ Provisions    — Annualised total credit loss ratio

### NPL (%)

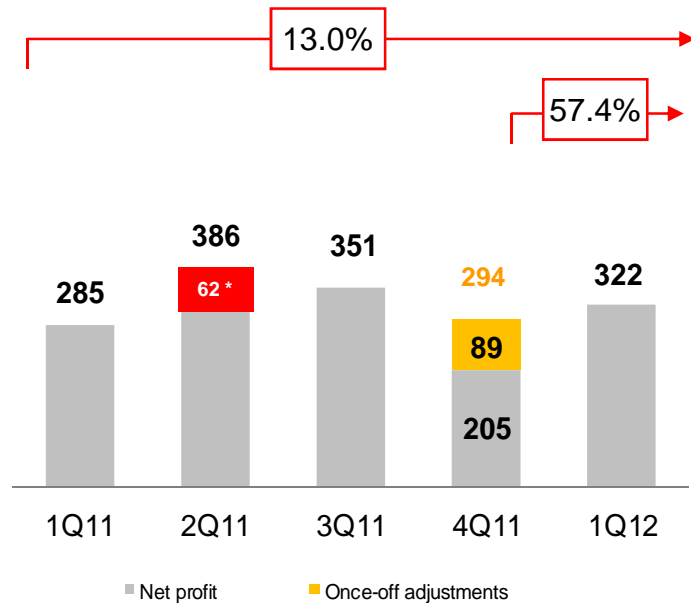


### Coverage ratio (%)



Net Profit of PLN 322 Million on 31.03.2012,  
growth of 13% Y-o-Y

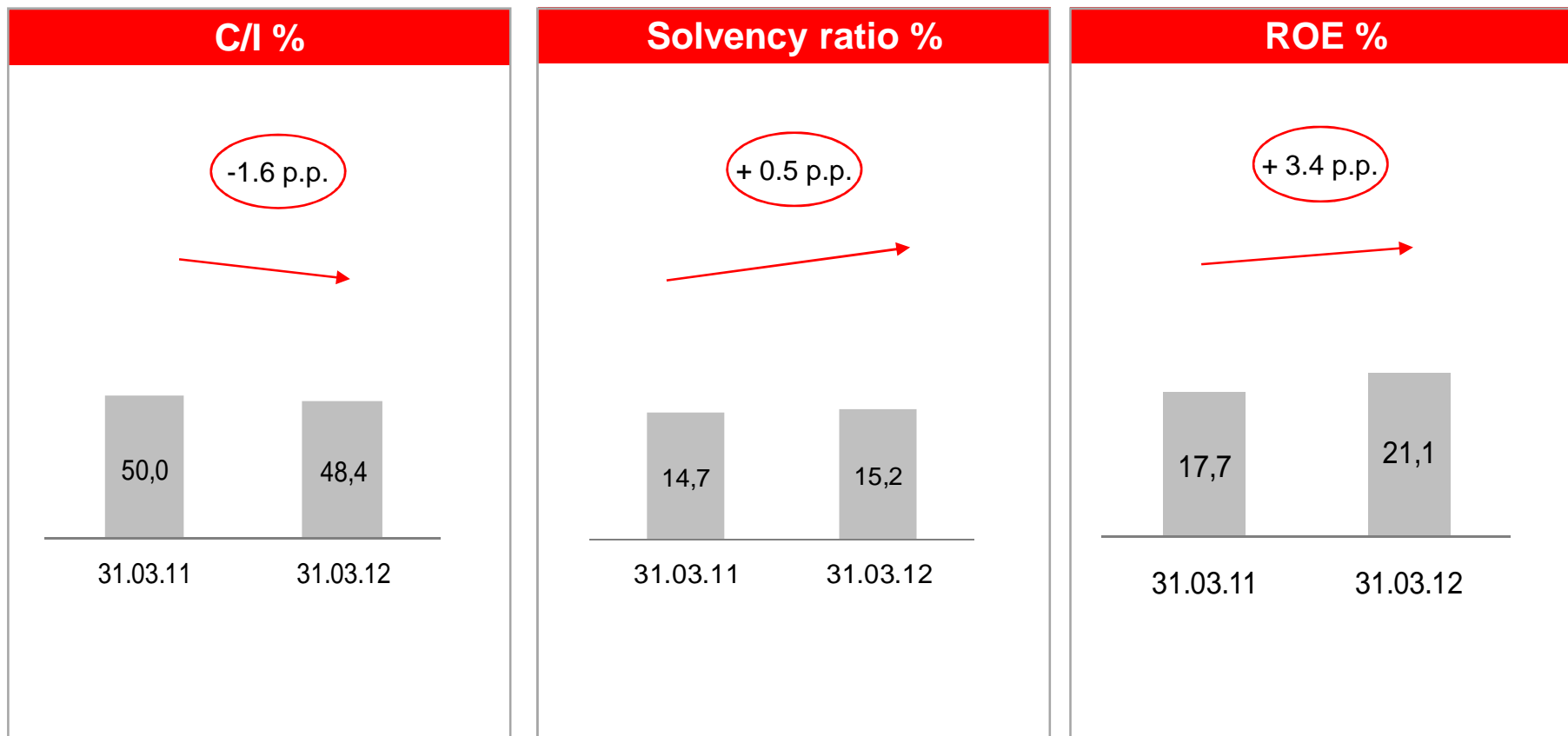
PLN m



	31.03.12	31.03.11	Y-o-Y Variation	Q-o-Q Variation
Profit before Taxes	411	353	16.2%	46.4%
Taxes	(89)	(68)	29.6%	16.9%
<b>Net Profit</b>	<b>322</b>	<b>285</b>	<b>13.0%</b>	<b>57.4%*</b>
Attributable profit	314	270	16.3%	58.3%

\* Including the impact of once-off adjustments

\* In Q2 2011 dividend from Aviva entities of PLN 61.6 m



## Key points

- Good growth in loans
- Improving margin on deposits q/q
- Focus on net interest margin

## Loans

- Personal: +10.0% y/y
- Business: +17.2% y/y
- Loan/Deposit ratio: 87.7%

## Interest income

Strong growth in interest income:

- +12.6% y/y
- +3.3% q/q

## Net profit

Strong growth in net profit – attributable profit of PLN 314 m

- + 16.3% y/y
- + 9.4% q/q (increase excl. once-off adjustments)

## Group

- Ongoing integration with Santander Group



# ANNEXES

- **P&L Account**
- **Balance sheet**
- **Net interest margin evolution**

# P&L Account

for the period ( in PLN k):	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2011
Interest and similar income	943 861	915 721	877 099	826 526	794 387
Interest expense and similar charges	(386 937)	(376 468)	(344 870)	(323 999)	(299 811)
<b>Net interest income</b>	<b>556 924</b>	<b>539 253</b>	<b>532 229</b>	<b>502 527</b>	<b>494 576</b>
Fee and commission income	381 059	383 955	390 460	397 919	386 330
Fee and commission expense	(50 940)	(53 930)	(50 195)	(49 248)	(47 619)
<b>Net fee and commission income</b>	<b>330 119</b>	<b>330 025</b>	<b>340 265</b>	<b>348 671</b>	<b>338 711</b>
Dividend income	1	109	447	67 459	10
Net trading income and revaluation	40 034	49 701	107 530	71 073	38 847
Gains (losses) from other financial securities	2 652	4 923	1 505	5 455	(170)
Gains (losses) from investment in subsidiaries and associates	-	-	-	-	-
Other operating income	16 367	9 147	7 810	15 360	17 487
Impairment losses on loans and advances	(80 806)	(85 524)	(107 854)	(78 750)	(94 854)
Operating expenses incl.:	(457 742)	(570 618)	(445 003)	(464 708)	(444 313)
<i>Bank's staff, operating expenses and management costs</i>	(417 104)	(442 513)	(392 728)	(420 227)	(403 677)
<i>Depreciation/amortisation</i>	(36 865)	(109 793)	(34 466)	(35 716)	(35 900)
<i>Other operating expenses</i>	(3 773)	(18 312)	(17 809)	(8 765)	(4 736)
<b>Operating profit</b>	<b>407 549</b>	<b>277 016</b>	<b>436 929</b>	<b>467 087</b>	<b>350 294</b>
Share in net profits (losses) of entities accounted for by the equity method	3 161	3 474	2 733	1 726	3 171
Profit before tax	410 710	280 490	439 662	468 813	353 465
Corporate income tax	(88 807)	(75 959)	(88 806)	(82 262)	(68 536)
<b>Profit for the period</b>	<b>321 903</b>	<b>204 531</b>	<b>350 856</b>	<b>386 551</b>	<b>284 929</b>
incl.:					
attributable to owners of BZ WBK S.A.	<b>314 150</b>	<b>198 413</b>	<b>344 857</b>	<b>370 861</b>	<b>270 216</b>
attributable to non-controlling interests	7 753	6 118	5 999	15 690	14 713

# Balance Sheet

	1 Q 2012	4 Q 2011	3 Q 2011	2 Q 2011	1 Q 2011
<b>ASSETS</b>					
Cash and balances with central bank	2 802 875	1 425 541	3 135 339	2 186 580	1 256 357
Loans and advances to banks	1 405 496	1 204 172	1 666 565	612 799	1 537 053
Financial assets held for trading & hedging	3 413 463	5 977 679	4 485 788	3 638 231	2 753 125
Loans and advances to customers	38 121 961	38 017 173	36 375 961	34 694 969	32 946 960
Investment securities	11 760 175	11 652 195	11 542 133	12 775 844	13 607 384
Investments in associates and joint ventures	107 673	104 512	101 038	93 327	91 065
Intangible assets	137 787	151 166	171 327	175 531	165 654
Property, plant & equipment	487 406	499 793	503 774	518 247	529 426
Current income tax assets	-	20 687	-	-	-
Net deferred tax assets	242 023	245 019	279 053	301 571	314 617
Assets held for sale	82 621	82 604	44 600	47 851	2 539
Other assets	448 337	416 102	429 666	429 853	12 115 632
<b>Total assets</b>	<b>59 009 817</b>	<b>59 796 643</b>	<b>58 735 244</b>	<b>55 474 803</b>	<b>65 319 812</b>
<b>LIABILITIES</b>					
Deposits from central bank	-	-	-	-	-
Deposits from banks	5 223 780	2 505 070	4 946 904	5 872 233	3 174 979
Financial liabilities held for trading & hedging	993 243	1 455 442	1 542 442	648 804	994 632
Deposits from customers	43 485 794	46 829 482	43 769 035	40 769 594	41 135 239
Debt securities in issue	-	-	-	-	-
Subordinated liabilities	415 857	441 234	440 585	398 015	400 339
Current income tax liabilities	44 339	-	26 089	27 975	14 162
Other liabilities	1 051 935	1 082 455	776 439	908 735	12 581 055
<b>Total liabilities</b>	<b>51 214 948</b>	<b>52 313 683</b>	<b>51 501 494</b>	<b>48 625 356</b>	<b>58 300 406</b>
<b>Equity</b>					
Equity attributable to owners of BZ WBK S.A.	7 722 357	7 355 575	7 113 537	6 735 002	6 854 209
Share capital	730 760	730 760	730 760	730 760	730 760
Other reserve funds	4 789 488	4 698 884	4 691 943	4 678 606	4 348 692
Revaluation reserve	592 927	545 318	508 634	481 968	393 653
Retained earnings	1 295 032	196 266	196 266	202 591	1 110 888
Profit of the current period	314 150	1 184 347	985 934	641 077	270 216
Non-controlling interest	72 512	127 385	120 213	114 445	165 197
<b>Total equity</b>	<b>7 794 869</b>	<b>7 482 960</b>	<b>7 233 750</b>	<b>6 849 447</b>	<b>7 019 406</b>
<b>Total equity and liabilities</b>	<b>59 009 817</b>	<b>59 796 643</b>	<b>58 735 244</b>	<b>55 474 803</b>	<b>65 319 812</b>

# Net interest margin evolution

