

Bank Zachodni WBK Group

Results 31.03.2013

April 25th, 2013

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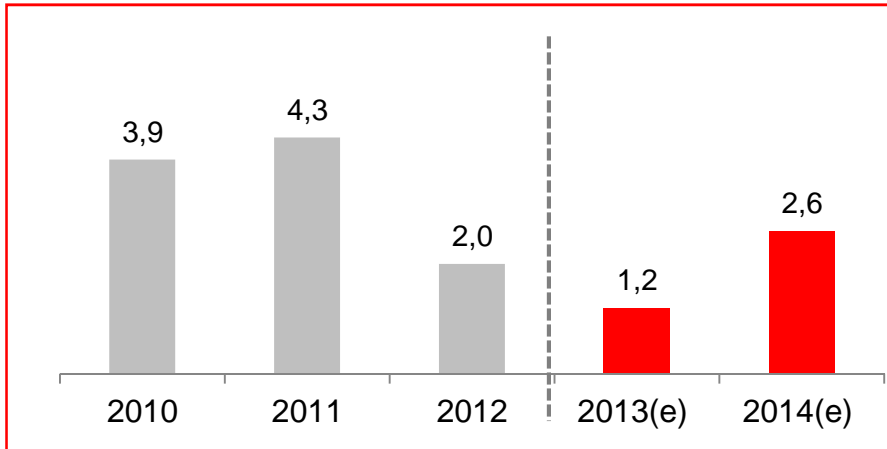
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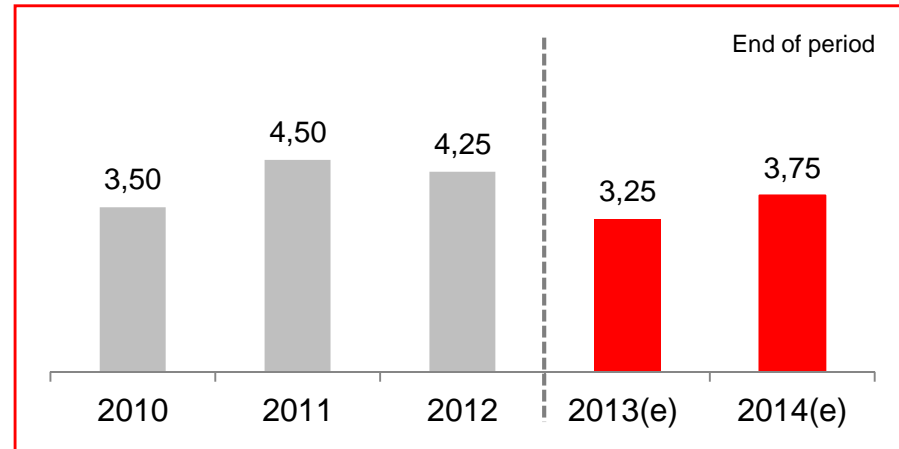
- Market Environment
- Merger Update & 1Q13 Highlights
- 31.03.2013
 - Business
 - Results

- **Market Environment**
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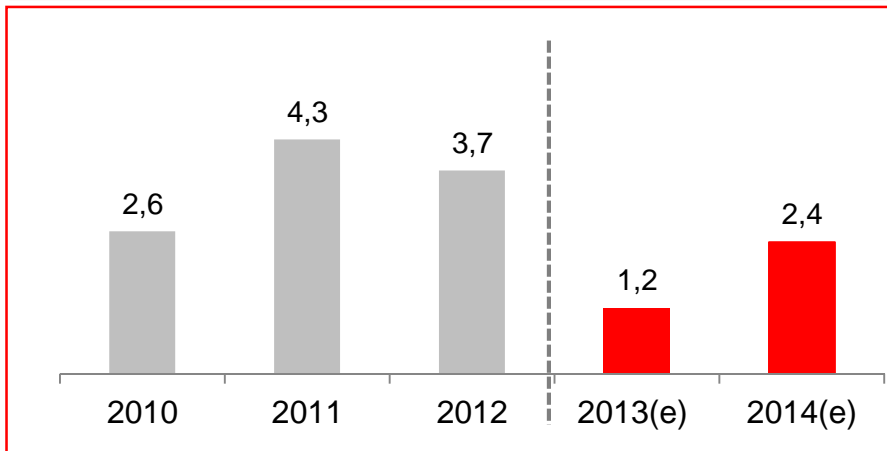
GDP (real annual growth %)



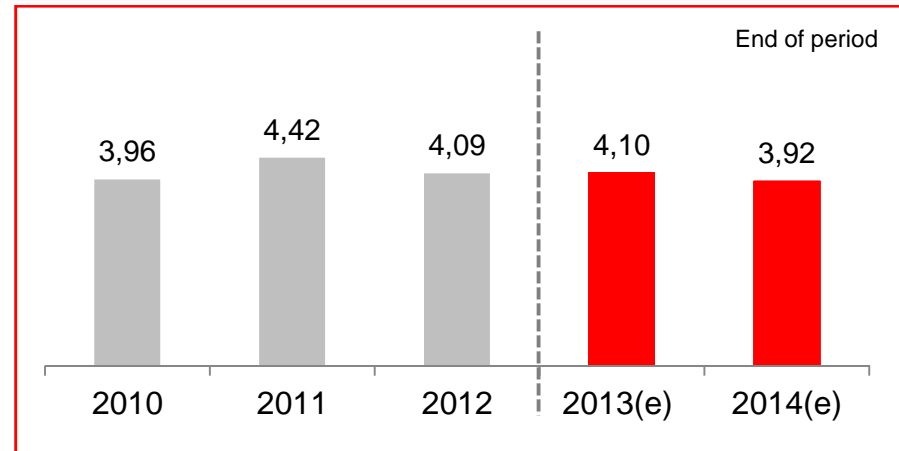
Interest Rate – NBP Reference Rate (%)



Inflation (CPI %)

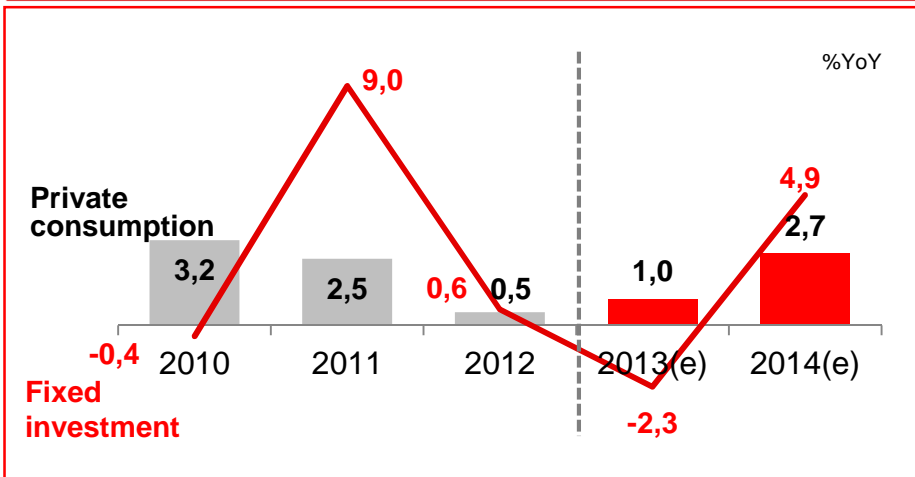


Exchange Rate – PLN/EUR

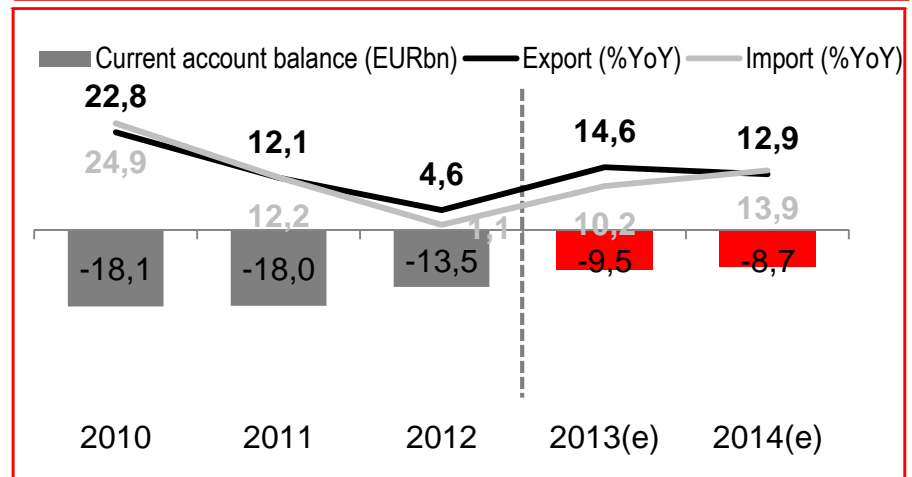


Source: National Bank of Poland, Central Statistical Office, Santander Research

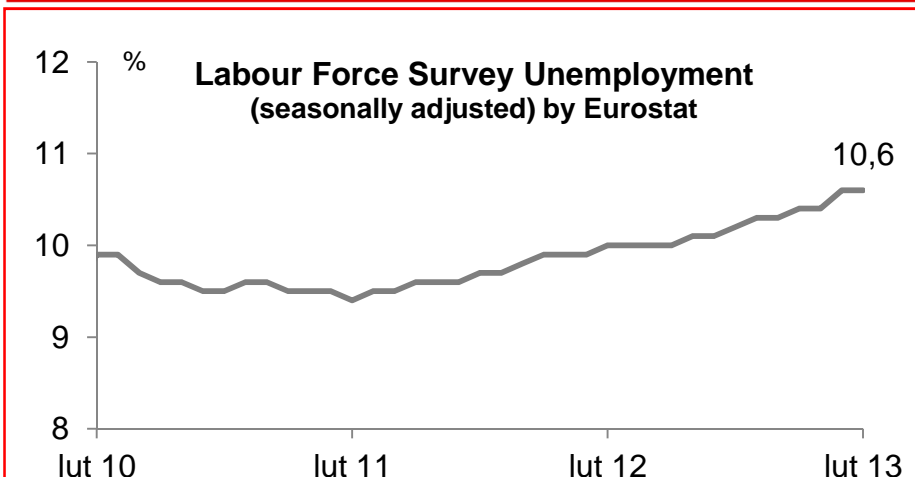
Investments and Consumption



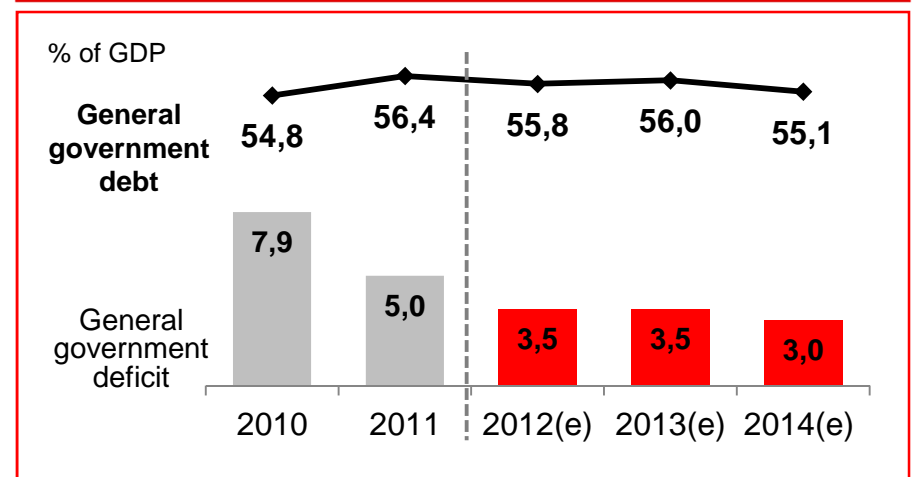
C/A Balance and Foreign Trade Turnover



Unemployment Rate



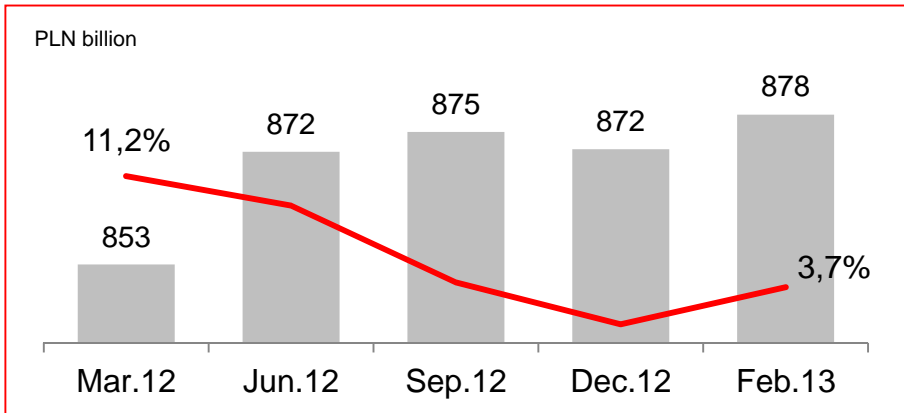
Fiscal Policy Indicators



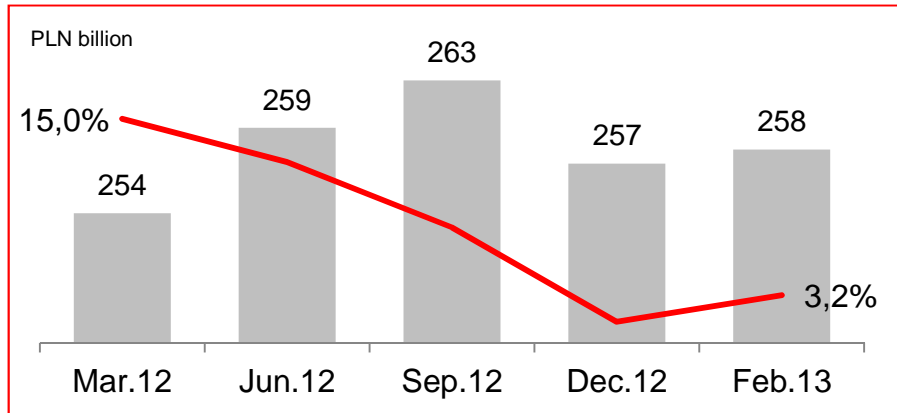
Source: National Bank of Poland, Central Statistical Office, Eurostat, Santander Research

Credit Growth

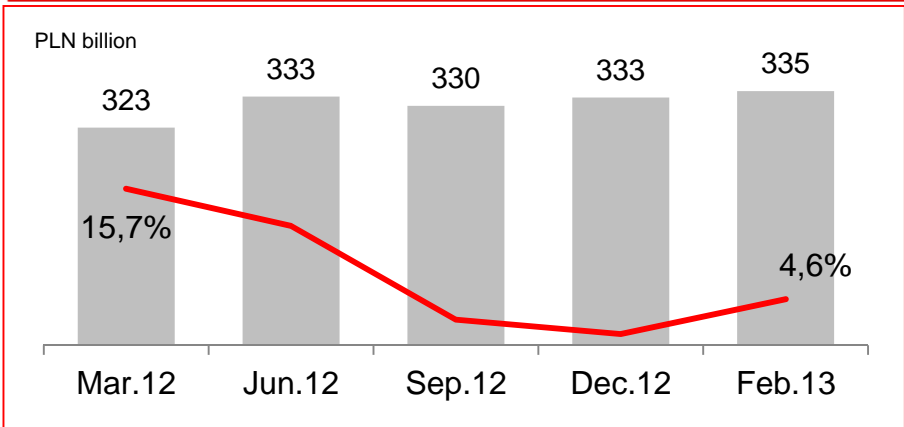
Total Loans



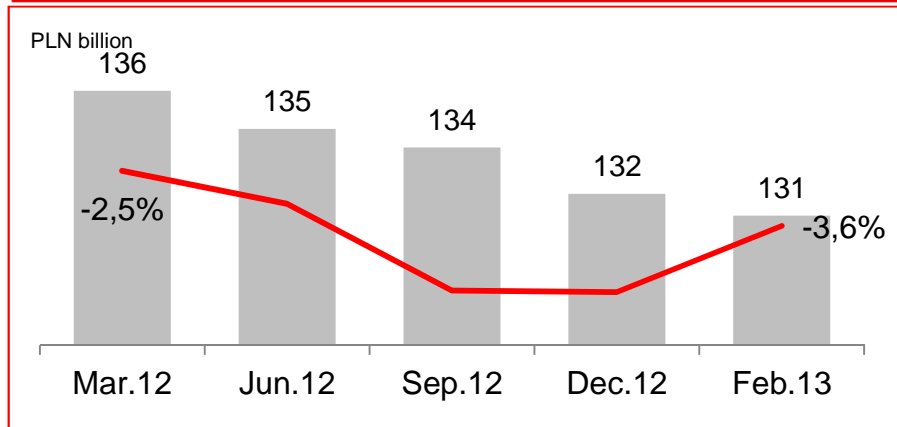
Loans to Corporations



Loans to Households (Mortgage Credit)



Loans to Households (Consumer Credit)



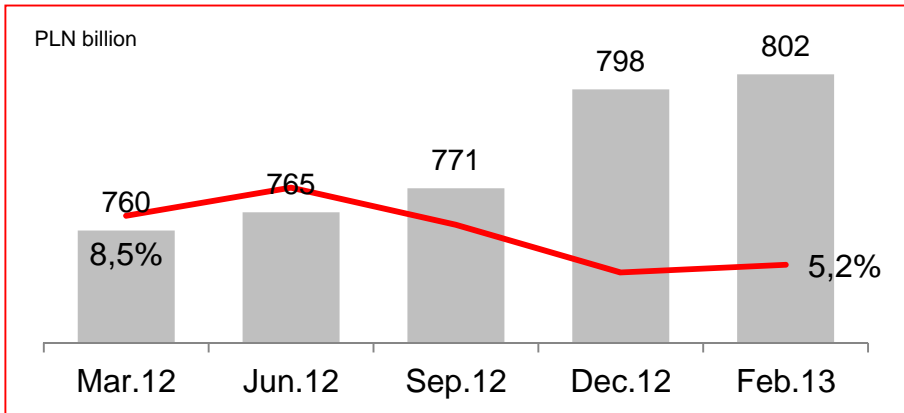
■ Volume —◆— Y-o-Y Variation %

Source: National Bank of Poland

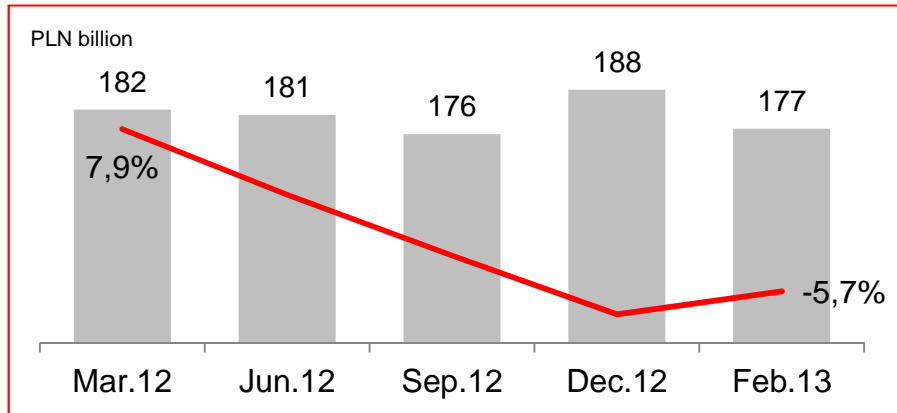
Financial System: Deposit Evolution

Deposit Growth

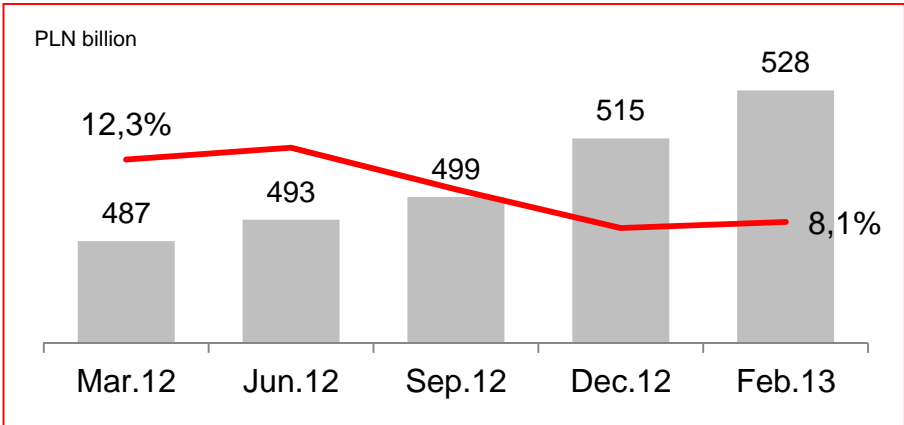
Total Deposits



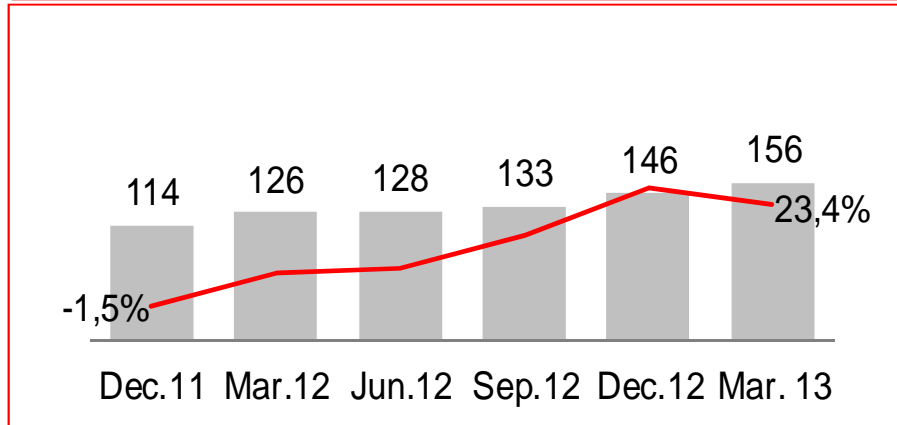
Corporate Deposits



Household Deposits



Mutual Funds



■ Volume ◆ Y-o-Y Variation %

Source: National Bank of Poland

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Merger with Kredyt Bank

Merger Plan on Target

Legal merger completed on 4th January, 2013

Revised organisational structures in place

Process harmonisation & increased productivity

Rebranding of all branches supported by marketing campaign

Continuous focus on meeting Revenue & Cost Synergies

Customer Data migrated to BZ WBK / Full integration



end-Qtr 3

end-2014

end-2014

Highlights

Sustained Profit Generation

- Net profit: PLN 0.4bln;
- Total income: PLN 1.35bln;
- Underlying costs: PLN 652m (excl. integration costs)
- 48.3% Cost to income ratio (excl. integration costs)

Capital Strength and Liquidity*

- Total Capital Ratio at 14.3%
- Core Tier 1 Ratio at 11.7%
- Loan to deposit ratio at 88.0% (excl. KBC CHF funding)

**According to local criteria*

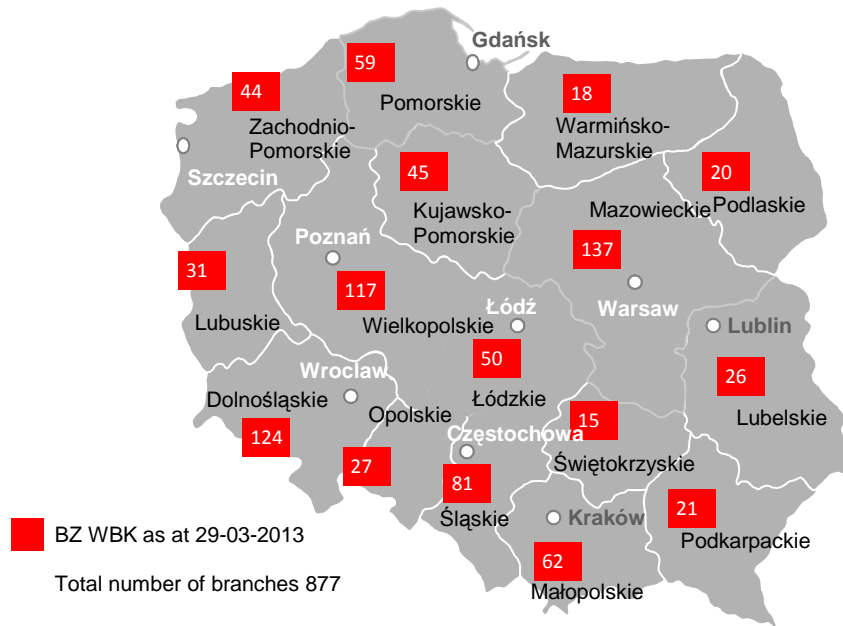
Business Development

- Net Interest Margin at 3.36%
- F&C influenced by Credit Fees & Investment Banking
- Re-positioning of merged ALM book

Merger / Cost Synergies

- Integration plan on target
- PLN 175m of annualised cost synergies targeted for 2013 v 2011 combined cost base
 - Significant annualised cost synergies achieved by end-Qtr 1

Key Facts



BZ WBK Features

▪ Branches	984
- incl. agencies	107
▪ ATMs	1 436
▪ Employees (FTE's)	13.1 k
▪ Corporate Banking Centres	12

Balance Sheet 31.03.2013

▪ Assets	PLN	103 531 m
▪ Loans	PLN	67 887 m
▪ Deposits	PLN	77 110 m

P & L 31.03.2013

▪ Income	PLN	1 351 m
▪ Costs	PLN	(678) m
▪ PBT	PLN	476 m
▪ ROE		12.13 %

- Market Environment
- Merger Update & 1Q13 Highlights

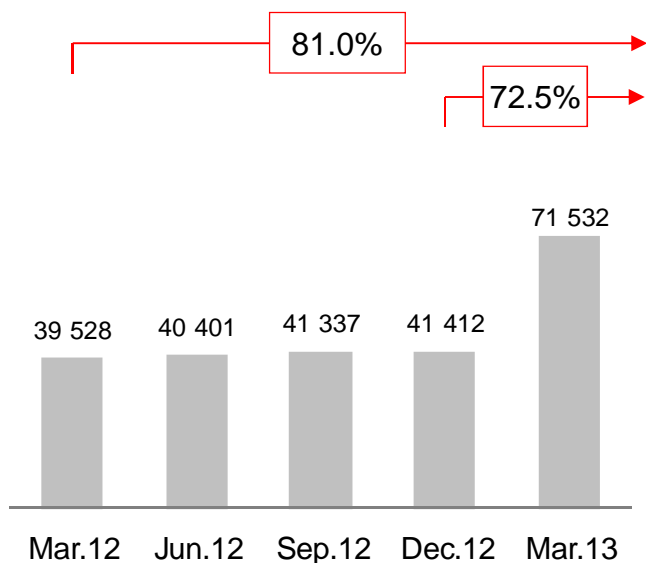
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Loan Growth driven by Cash Loans, SME and Business Loans

PLN m



	31.03.13	31.03.12	Y-o-Y Variation	Q-o-Q* Variation
Mortgage	25 805	7 570	240,9%	1,0%
Other personal	8 643	5 073	70,4%	-12,7%
Total personal	34 448	12 643	172,5%	-2,9%
Business	37 084	26 885	37,9%	4,8%
Total gross loans	71 532	39 528	81,0%	1,0%

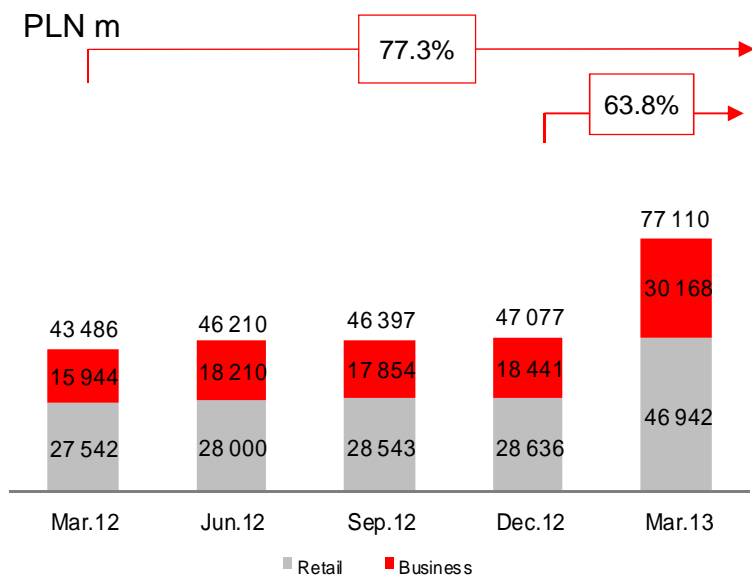
* Q-o-Q based on pro-forma financial information at y/e 2012

Comments

- Year on Year performing loans (on a like for like basis):
 - Mortgage Loans +2%
 - Other Personal Loans +6%
 - SME +12% / Business Loans -4%
 - Total Performing Loans +2%
- Business loan growth at +10% excl. Property / GBM
- PLN loans comprise 64% of total gross loan portfolio

 Merged Bank

Active Management of Deposits

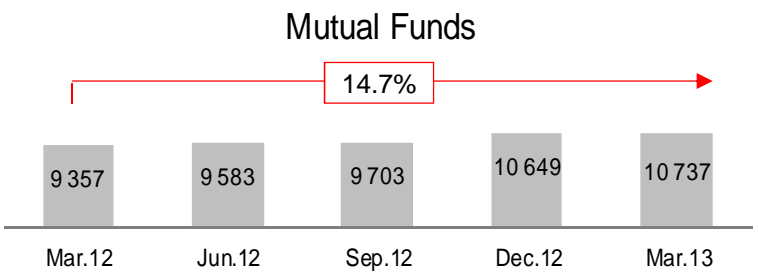


	31.03.13	31.03.12	Y-o-Y Variation	Q-o-Q* Variation
Demand	20 857	12 181	71,2%	-5,8%
Savings	15 800	6 672	136,8%	12,7%
Time Deposits	40 453	24 633	64,2%	-2,0%
Customer Deposits	77 110	43 486	77,3%	-0,4%

* Q-o-Q based on pro-forma financial information for y/e 2012

Comments

- Year on Year performance (on a like for like) basis:
 - Total Deposits +6% Y-o-Y,
 - Retail Deposits +5% Y-o-Y,
 - Business Deposits +10% Y-o-Y,
 - Mutual Funds +14.7% Y-o-Y.



▤ Merged Bank

Market Share (%)

Market Share (%)	February 2013	December 2012	March 2012
Total Banking System Loans			
Total Loans	7.45	4.29	4.22
- Cash Loans	6.9	4.36	3.79
Deposits + Funds			
Total Deposits	8.64	5.25	5.12
- Personal Deposits	9.06	5.62	5.82
- Business Deposits	8.02	4.75	4.24

 Merged Bank

- Market Environment
- Merger Update & 1Q13 Highlights

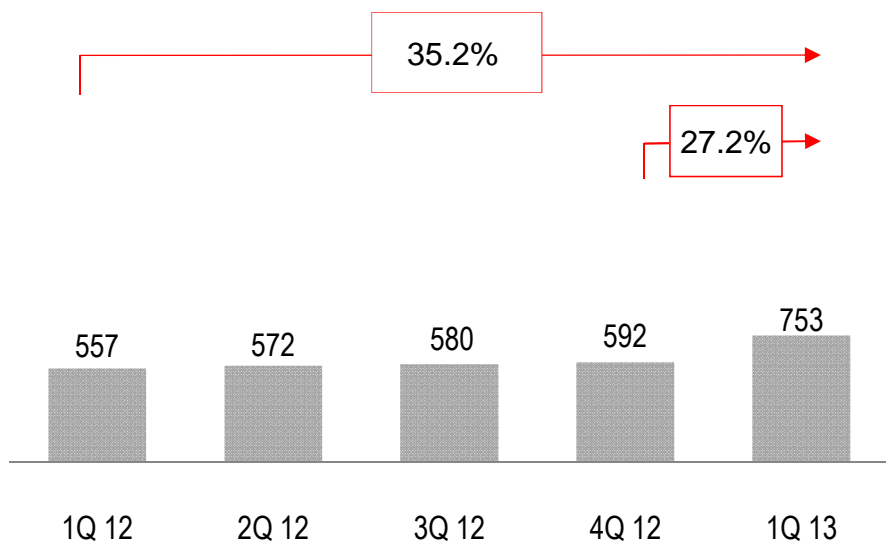
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Net Interest Income impacted by merger accounting

PLN m



▤ Merged bank

NIM by Q, %

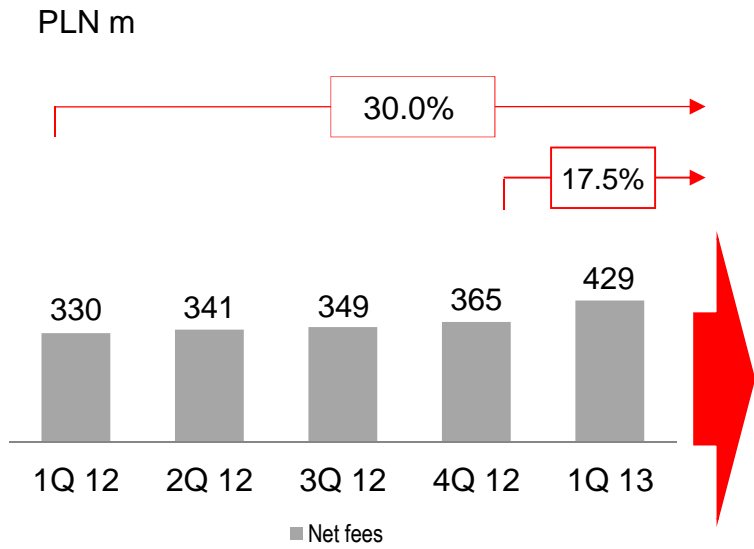
4,27	4,32	4,34	4,40	3,36
1Q 12	2Q 12	3Q 12	4Q 12	1Q 13

Comments

- NIM level in line with expectations
- Year on Year performance (on a like for like) basis:
 - Net Interest income: -6%
 - NII impacted by merger accounting on KB ALM Portfolio
- Continued focus on product mix and NIM management

Results: Net Fees

Fees growth driven by Credit Fees and Investment Banking Activity



	31.03.2013	31.03.2012	Y-o-Y Variation	Q-o-Q Variation
eBusiness & payments	97	80	21,3%	9,0%
Investment banking ¹	84	66	27,3%	27,3%
Current accounts & money transfer	88	59	49,2%	37,5%
FX fees	63	54	16,7%	8,6%
Loan fees	55	30	83,3%	17,0%
Insurance fees	26	25	4,0%	4,0%
Other ²	16	16	0,0%	0,0%
Total	429	330	30,0%	17,5%

Comments

- Year on Year performance (on a like for like) basis:
 - Net Fees +2%
 - Credit Fees +29% YoY
 - Brokerage fee + 23% YoY
 - Asset management fees flat YoY

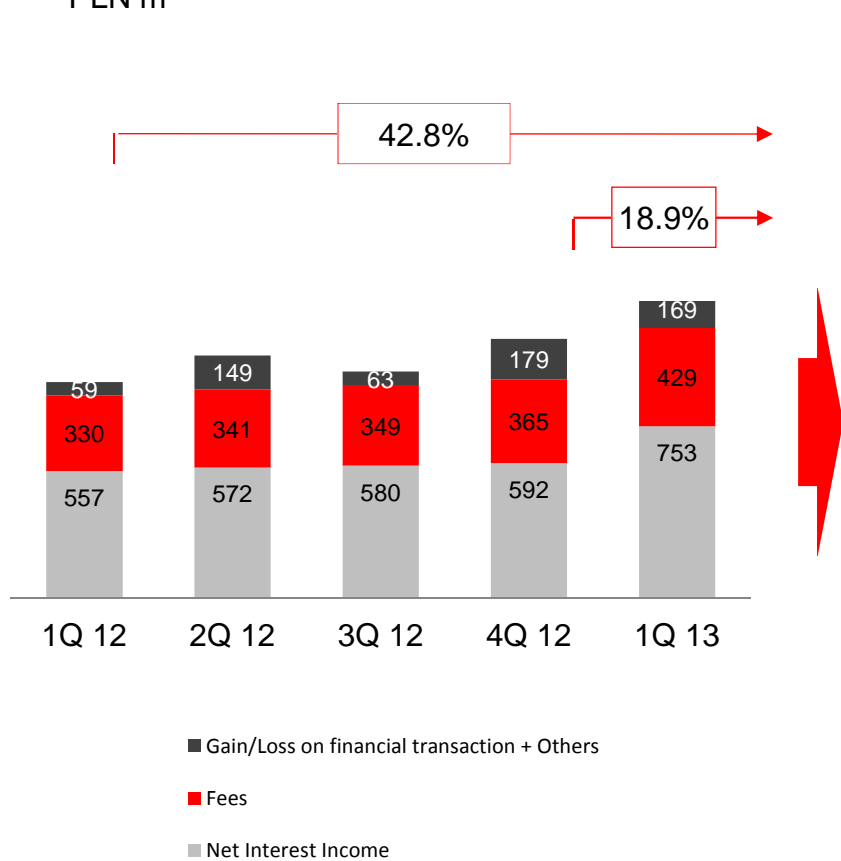
1. Brokerage fees, distribution and management fees
 2. Includes off-balance sheet guarantees commissions, issue arrangement fees, credit card fees, structured product fees and other

 Merged Bank

Results: Total Income

Total Income increased on strong core activity

PLN m



	31.03.13	31.03.12	Y-o-Y Variation	Q-o-Q Variation
Net Interest Income	753	557	35,2%	27,2%
Fees	429	330	30,0%	17,5%
Subtotal	1 182	887	33,3%	23,5%
Gain/Loss on financial transactions + Others	169	59	186,4%	-5,6%
Total Income	1 351	946	42,8%	18,9%

Comments

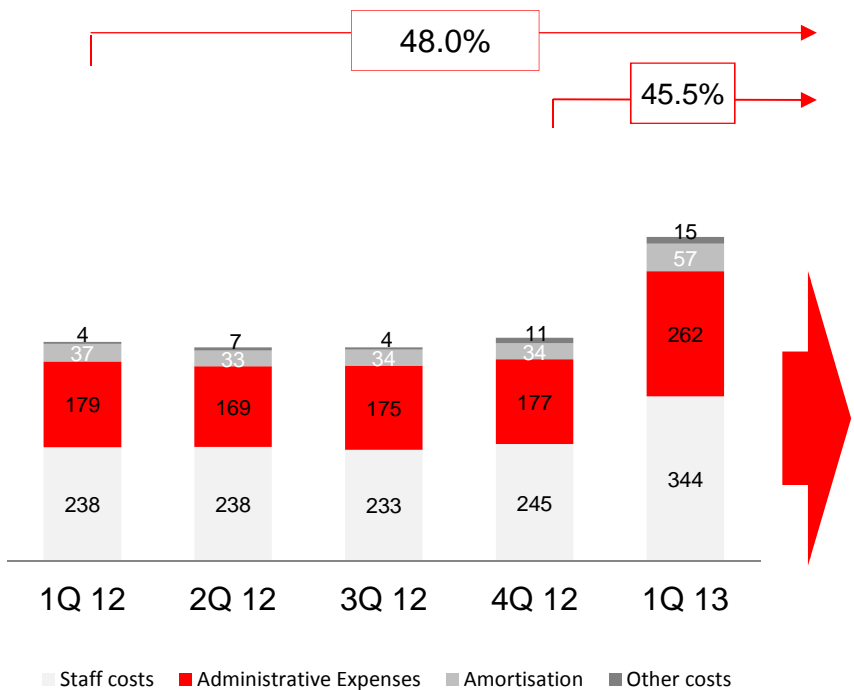
- Total Income (on a like for like basis) +1% YoY – influenced by effects from the integration on NII line
- Qtr 1 Investment book repositioned after Kredyt Bank merger leading to total gains of PLN 88m
- Trading performance (on a like for like basis) lower YoY

▭ Merged Bank

Results: Administrative Expenses and Amortization

Excellent Cost Management at -7% YoY

PLN m



	31.03.13	31.03.12	Y-o-Y Variation	Q-o-Q Variation
Staff costs	337	238	41,6%	40,4%
Administrative Expenses	243	179	35,8%	45,5%
Amortization	57	37	54,1%	67,6%
Other costs	15	4	275,0%	36,4%
Underlying costs	652	458	42,4%	52,3%
Integration costs	26	-	-	85,7%
Total	678	458	48,0%	45,5%

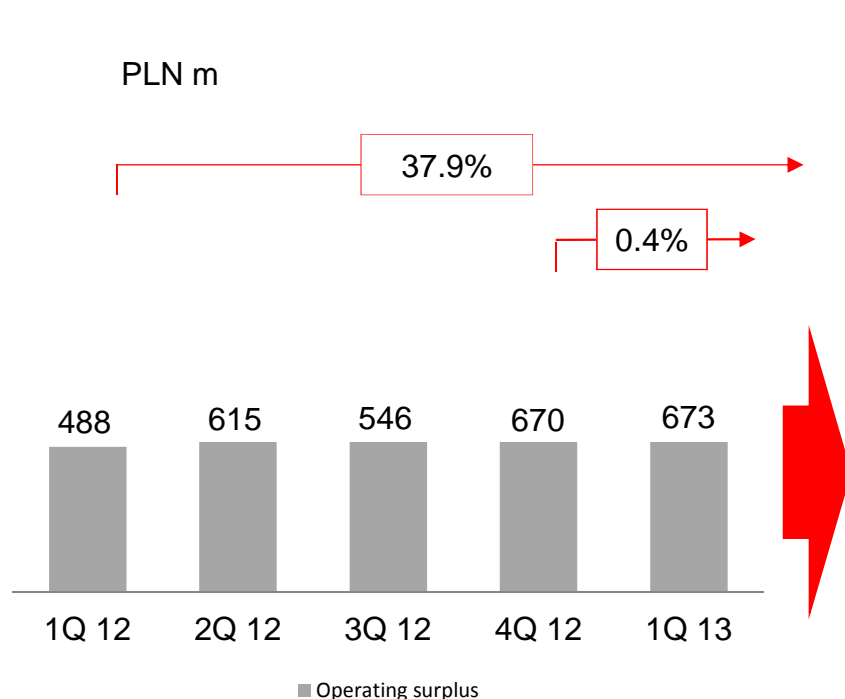
Comments

- Underlying costs -7% Y-o-Y (on a like for like basis)
- Merged bank FTE's lower by 1.4k vs. Dec 2011
- Excellent cost management across all cost lines
- Savings achieved in line with integration plan
- Integration costs will increase in Qtr. 2 & 3

 Merged Bank

Results: Net Operating Income

Underlying Net Operating Income +9.5% YoY



	31.03.13	31.03.12	Y-o-Y Variation	Q-o-Q Variation
Net Interest Income + Fees	1 182	887	33,3%	23,5%
Gain on financial transactions + Others	169	59	186,4%	-5,6%
Adm. Expenses + Amortization + Other costs	(652)	(458)	42,4%	44,2%
Underlying operating income	699	488	43,2%	2,2%
Integration costs	(26)	-	-	85,7%
Net operating income	673	488	37,9%	0,4%

Comments

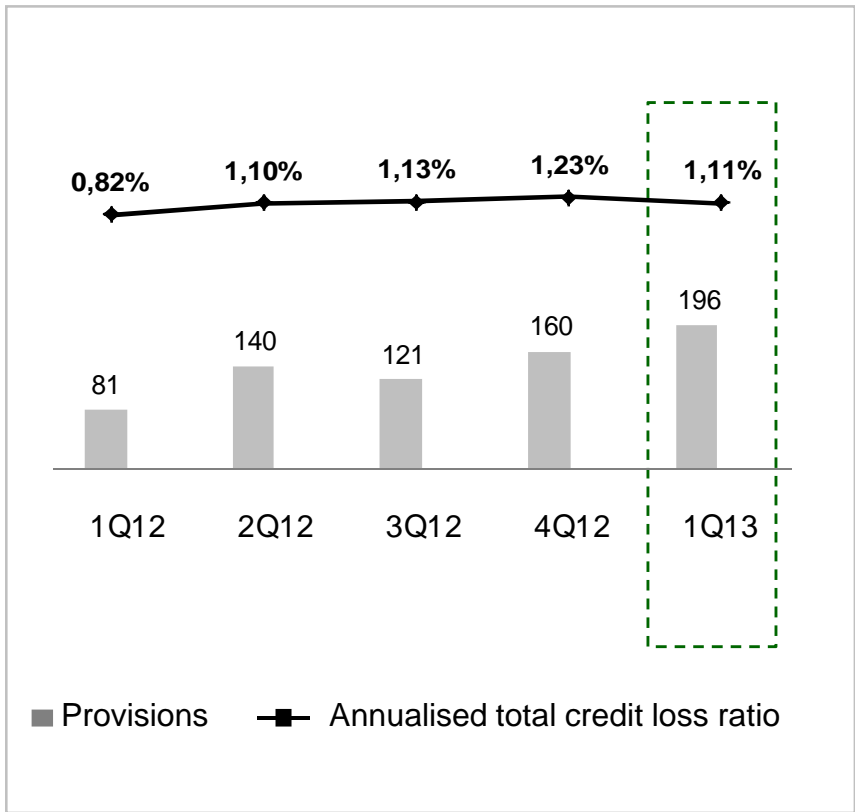
- Net underlying operating income +9.5% YoY (on a like for like basis)

▭ Merged Bank

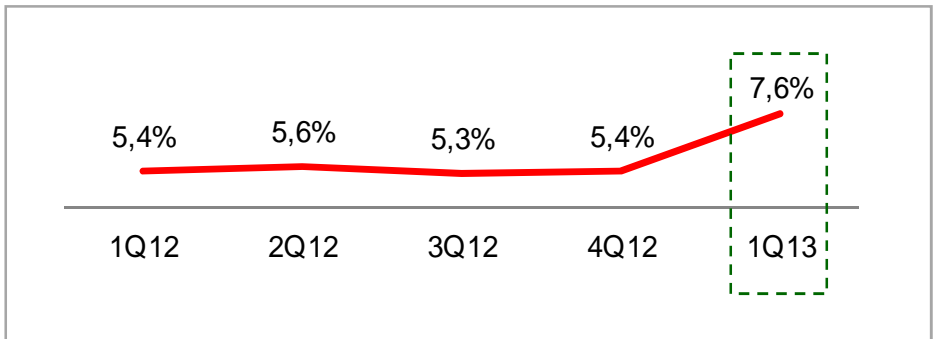
Provision Charge

PLN m

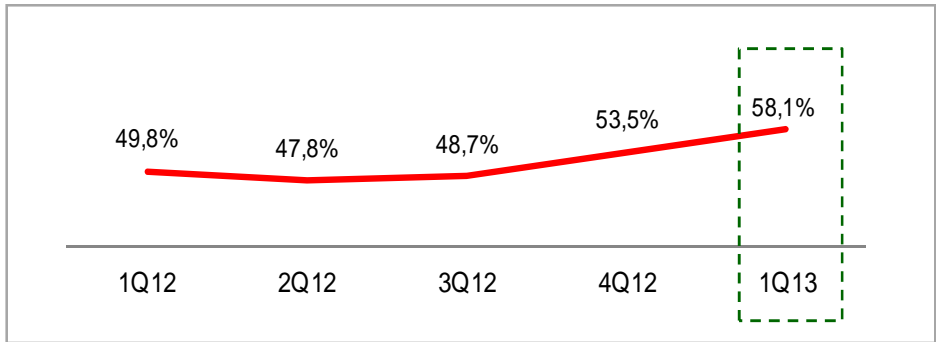
Provisions and Annualised total credit loss ratio



NPL (%)

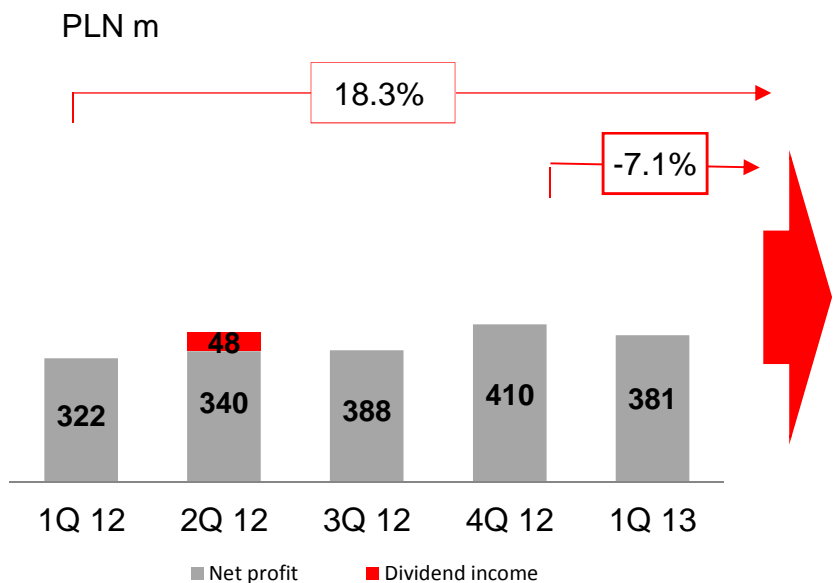


Coverage Ratio (%)



▭ Merged Bank

Net Underlying Profit of PLN 407m



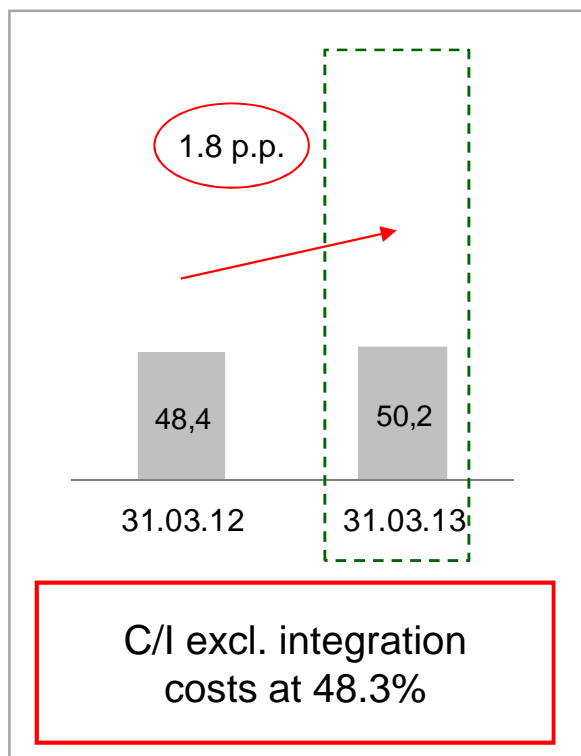
	31.03.13	31.03.12	Y-o-Y Variation	Q-o-Q Variation
Profit before Taxes	476	411	15,8%	-7,9%
Taxes	(95)	(89)	6,7%	-11,2%
Net Profit	381	322	18,3%	-7,1%
<i>Net profit excluding integration costs</i>	<u>407</u>	-	-	-4,0%
Attributable profit	374	314	19,1%	-7,7%

Comments

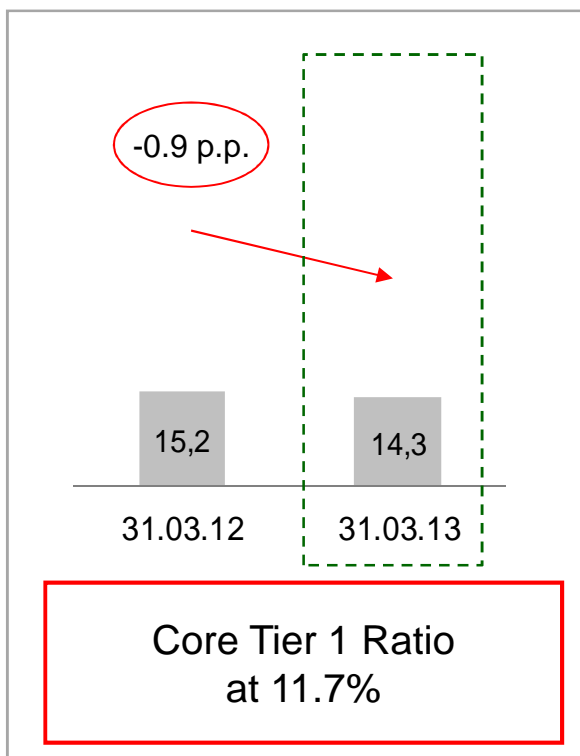
- Net profit excluding integration costs +ca.5% Y-o-Y (on a like for like basis)

▭ Merged Bank

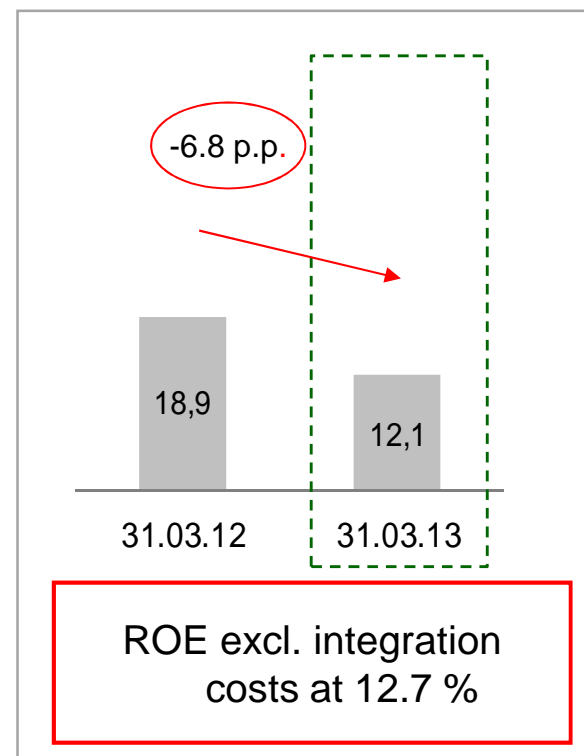
C/I %



Solvency Ratio %



ROE %



 Merged Bank

Deposits

Active management of deposit base
Customer deposits +6% Y-o-Y

Loans

Performing Customer Loans +2% Y-o-Y
Main drivers: Cash loans, SME and Corporate loans
(growth offset by reducing Property loans)

Income/Costs

Income growth impacted by integration effect on the KB ALM portfolio
Costs under tight control

Operating profit

Excellent cost management
Investment book re-positioning post merger

Efficiency

Headcount reduction – 1.4k versus Dec 2011
Underlying Cost / Income Ratio at 48.3%

ANNEXES

P&L Account

Balance Sheet

Net interest margin evolution

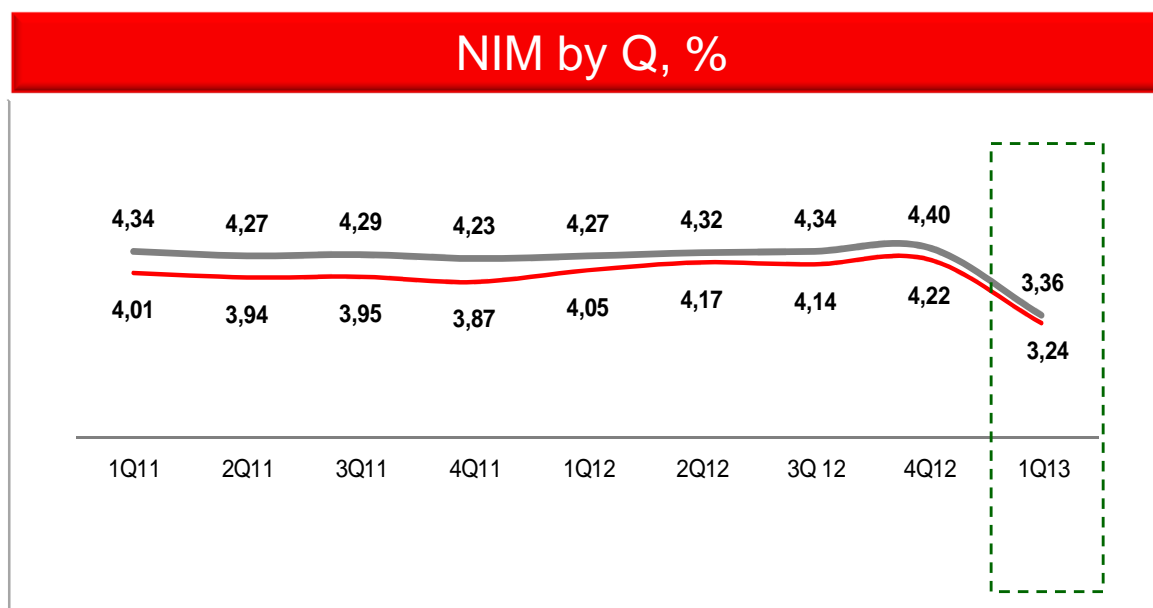
Profit & Loss Account

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for the period (in PLN k):	1Q 2013	4Q 2012	3Q 2012	2Q 2012	1Q 2012
Interest and similar income	1 391 008	993 963	983 491	946 170	943 861
Interest expense and similar charges	(638 171)	(402 146)	(402 997)	(374 328)	(386 937)
Net interest income	752 837	591 817	580 494	571 842	556 924
Fee and commission income	499 845	422 443	400 582	391 954	381 059
Fee and commission expense	(70 603)	(57 806)	(51 667)	(50 639)	(50 940)
Net fee and commission income	429 242	364 637	348 915	341 315	330 119
Dividend income	-	(1 766)	3 795	53 718	1
Net trading income and revaluation	54 345	39 071	31 169	54 071	40 034
Gains (losses) from other financial securities	89 736	131 586	21 432	24 382	2 652
Gains (losses) from investment in subsidiaries and associates	-	-	400	-	-
Other operating income	24 447	10 810	6 099	16 396	16 367
Impairment losses on loans and advances	(196 039)	(160 431)	(120 530)	(140 026)	(80 806)
Operating expenses incl.:	(678 437)	(466 265)	(446 440)	(446 747)	(457 742)
<i>Bank's staff, operating expenses and management costs</i>	<i>(606 927)</i>	<i>(421 379)</i>	<i>(407 989)</i>	<i>(406 640)</i>	<i>(417 104)</i>
<i>Depreciation/amortisation</i>	<i>(56 989)</i>	<i>(33 556)</i>	<i>(34 102)</i>	<i>(33 417)</i>	<i>(36 865)</i>
<i>Other operating expenses</i>	<i>(14 521)</i>	<i>(11 330)</i>	<i>(4 349)</i>	<i>(6 690)</i>	<i>(3 773)</i>
Operating profit	476 133	509 459	425 334	474 951	407 549
Share in net profits (losses) of entities accounted for by the equity method	344	7 556	5 954	3 075	3 161
Profit before tax	476 477	517 015	431 288	478 026	410 710
Corporate income tax	(95 413)	(107 256)	(88 519)	(89 822)	(88 807)
Profit for the period	381 063	409 759	342 769	388 204	321 903
incl.:					
attributable to owners of BZ WBK S.A.	373 616	404 519	334 738	380 440	314 150
attributable to non-controlling interests	7 447	5 240	8 031	7 764	7 753

Balance Sheet

	1 Q 2013	4 Q 2012	3 Q 2012	2 Q 2012	1 Q 2012
ASSETS					
Cash and balances with central bank	5 093 574	4 157 274	2 606 568	1 570 287	2 802 875
Loans and advances to banks	1 256 493	1 458 128	1 622 289	2 192 018	1 405 496
Financial assets held for trading & hedging	3 195 528	1 085 268	1 962 047	3 910 010	3 413 463
Loans and advances to customers	67 887 205	39 867 554	39 928 847	38 991 459	38 121 961
Investment securities	21 529 590	11 716 133	12 303 304	11 190 793	11 760 175
Investments in associates and joint ventures	116 029	115 685	112 161	110 748	107 673
Intangible assets	366 700	127 338	114 758	133 767	137 787
Goodwill	1 688 516	-	-	-	-
Property, plant & equipment	641 804	479 811	466 809	472 565	487 406
Current income tax assets	21 792	-	-	-	-
Net deferred tax assets	661 496	258 037	265 224	222 889	242 023
Assets held for sale	5 709	74 764	82 604	82 628	82 621
Investment property	15 891	-	-	-	-
Other assets	1 050 360	679 185	407 466	458 951	448 337
Total assets	103 530 687	60 019 177	59 872 077	59 336 115	59 009 817
LIABILITIES					
Deposits from central bank	-	-	-	-	-
Deposits from banks	7 056 609	1 351 050	2 518 760	2 760 278	5 223 780
Financial liabilities held for trading & hedging	2 511 639	1 050 781	1 103 891	1 238 967	993 243
Deposits from customers	77 109 560	47 077 094	46 397 791	46 209 895	43 485 794
Debt securities in issue	-	-	-	-	-
Subordinated liabilities	1 400 942	409 110	411 254	425 929	415 857
Current income tax liabilities	223 913	154 916	102 525	47 819	44 339
Other liabilities	1 409 995	998 512	933 362	964 968	1 051 935
Total liabilities	89 712 658	51 041 463	51 467 583	51 647 856	51 214 948
Equity					
Equity attributable to owners of BZ WBK S.A.	13 717 216	8 884 367	8 316 407	7 607 908	7 722 357
Share capital	935 451	746 376	746 376	730 760	730 760
Other reserve funds	10 114 901	5 704 680	5 699 555	5 378 019	4 789 488
Revaluation reserve	782 743	872 400	714 084	677 475	592 927
Retained earnings	1 510 505	127 064	127 064	127 064	1 295 032
Profit of the current period	373 616	1 433 847	1 029 328	694 590	314 150
Non-controlling interest	100 813	93 347	88 087	80 351	72 512
Total equity	13 818 029	8 977 714	8 404 494	7 688 259	7 794 869
Total equity and liabilities	103 530 687	60 019 177	59 872 077	59 336 115	59 009 817



— Incl. swap points
 — Excl. swap points

 Merged Bank

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