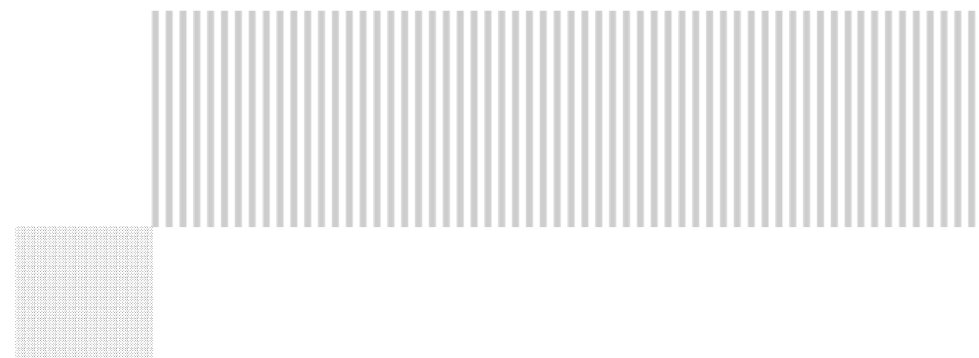




Bank Zachodni WBK Group Results 1Q 2014



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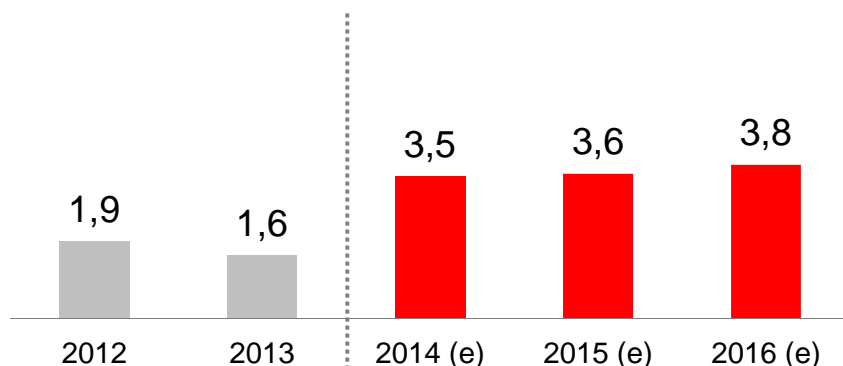
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- **Macro-economic environment and financial system**
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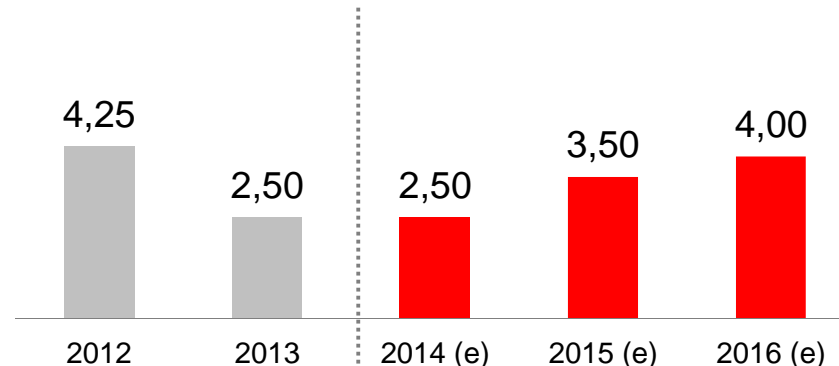
Macroeconomic environment

Economic growth accelerating, inflation still low

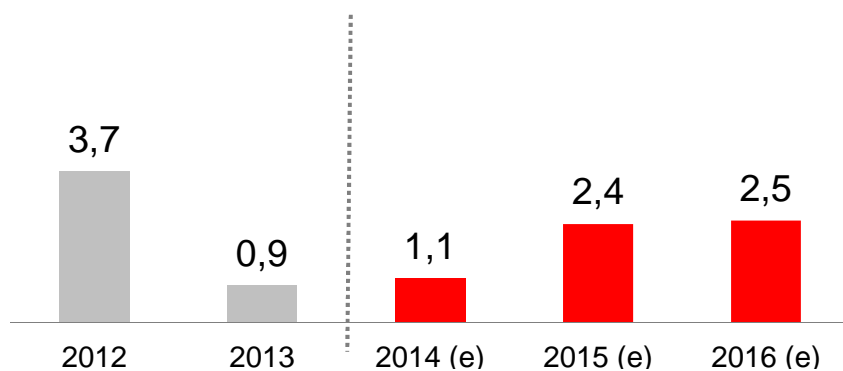
Annual GDP Growth (% , real)



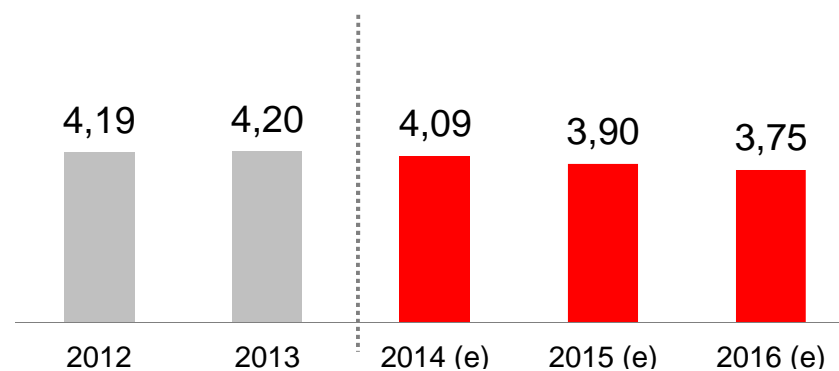
Interest Rates (% , end year)



Annual CPI inflation rate (% , annual average)



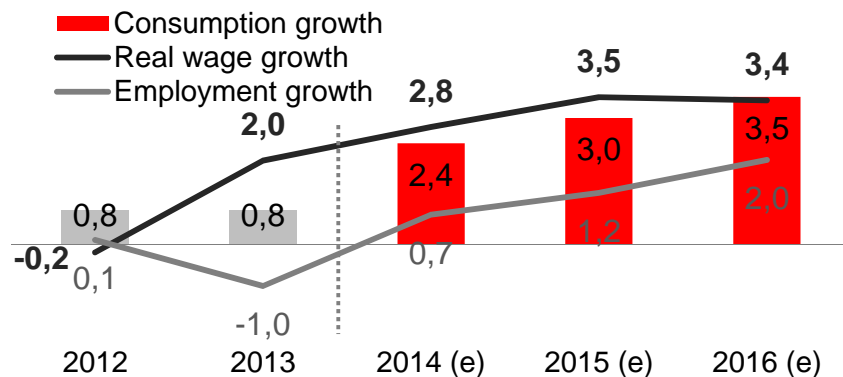
EURPLN exchange rate (annual average)



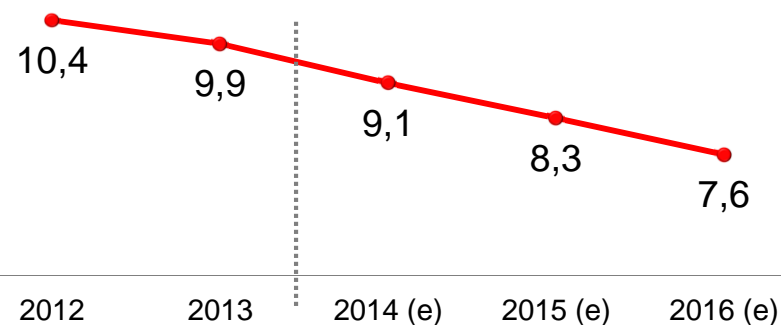
Macroeconomic environment

External demand and domestic demand both gaining strength

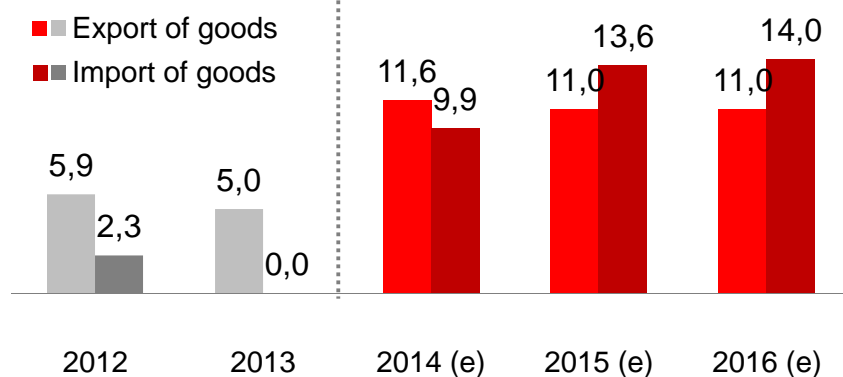
Consumption, wage & employment growth



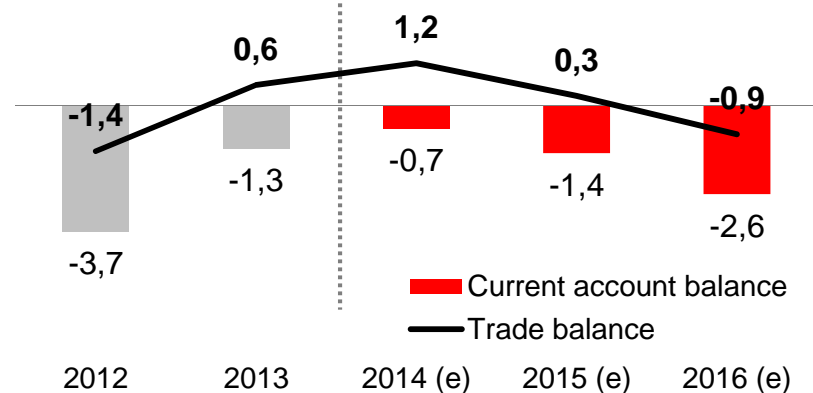
Unemployment rate (ILO¹ definition, end year)



Export / Import growth



Balance of payments (% of GDP)



5

Source: The National Bank of Poland, Central Statistical Office and estimates by Santander Research (1 April 2014); ¹ILO: International Labour Organisation

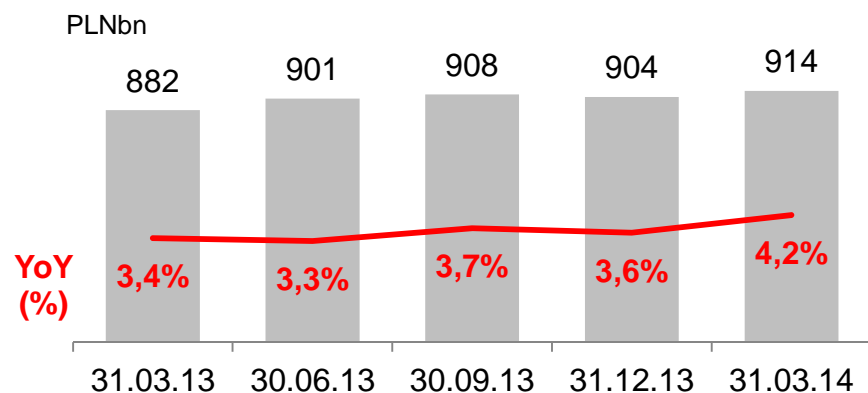
Bank Zachodni WBK

Grupa Santander

Financial System: Loan and Deposit market

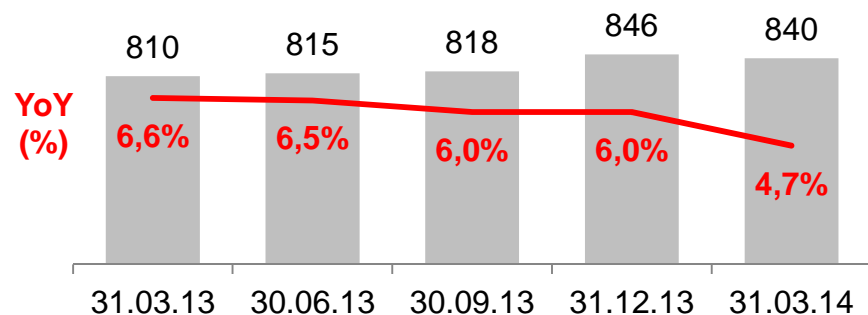
Financial system with stable growth trends

Total loans



- Loan growth increased in 1Q14, mainly due to growth in consumption and investment loans
- Estimated growth of loans in 2014: 4-5%

Total deposits



- Deposit growth slowed moderately at the start of 2014
- Low interest rates triggered a shift from deposits to mutual funds
- Deposits are expected to grow 6-7% in 2014 due to higher household revenue and corporate profits

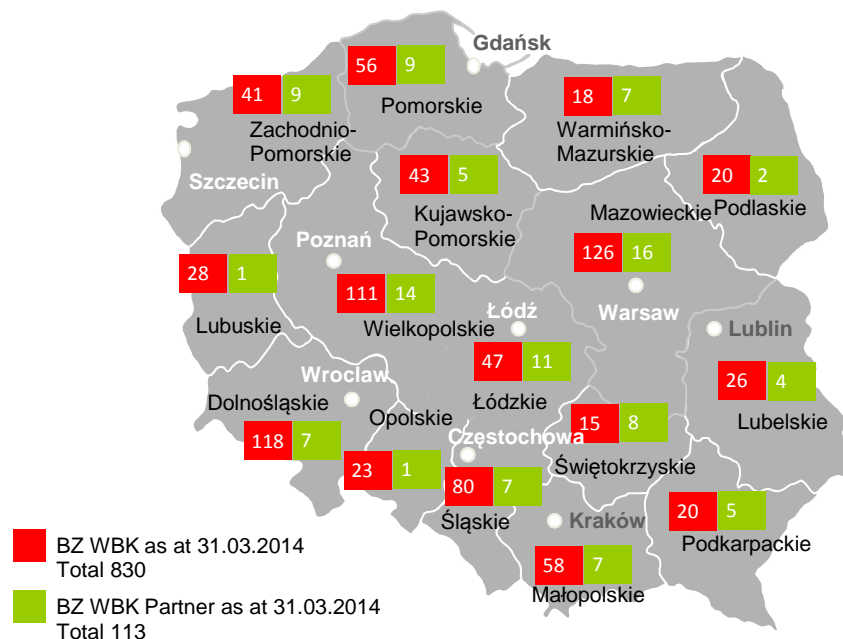
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Overview

Poland's Number 3 Bank

Branches as at 31.03.2014



Business and Results

	Mar'14	Var. YoY
Loans (gross)	73,9bn.	3%
Deposits	80,1bn.	4%
Total customer funds	91,8bn.	5%
Consolidated profit	460,0m.	21%
Attributable profit	449,0m.	20%

Market Share

Loans	7,39%
Deposits	8,31%

Network and Customers

Branches	830
ATM's	1,387
Employees	12,3 k

Key Highlights

Business Development

- Q1 Net Interest Margin at 3.60%, +6bps QoQ
- F&C positively influenced by Loan, Card and FX Fees
- PLN 29m of ALM gains in Q1 2014 vs. PLN13m in Q4 2013 and PLN 88m in Q1 2013
- Q1 consolidation of Insurance subsidiaries*

Balance Sheet Development

- Increase in Retail and SME activity
- Loan balance +3.2% QoQ influenced by growth in SME, Corporate and GBM
- Deposits balances +2% QoQ in preparation for credit growth.

Sustained Profit Generation

- Net profit of PLN 460m
- Underlying operating income: PLN 1.5bn
- Underlying costs: PLN 662m
- Q1 2014 Cost to income ratio at 45.8% (excl. integration costs).

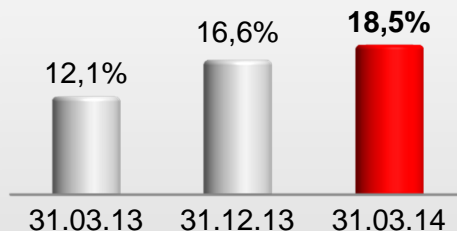
Key Developments

- Operational merger will close in Q3 with synergies ahead of expectations.
- Ongoing development of the “Next Generation Bank” programme
- SCB to be acquired early July

Key Ratios

High returns

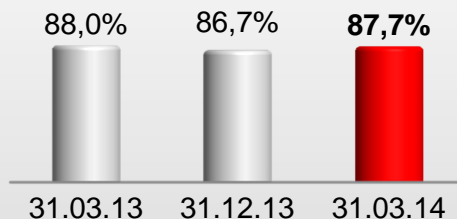
ROE (excl. Integration costs)



Leading ROE position in Peer Group

Strong liquidity

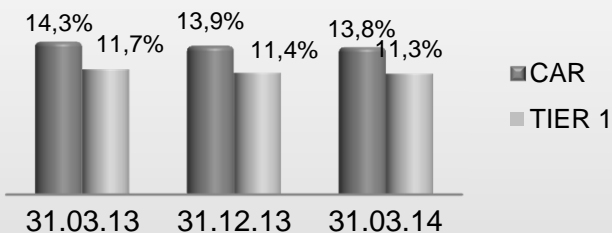
L/D ratio



Strong liquidity position securing future growth possibilities

Strong capitalisation according to stress test

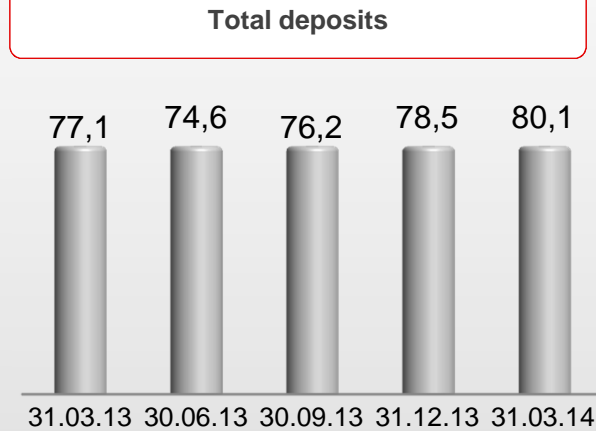
Solvency



Well above KNF recommendation: minimum Tier-1 ratio of 9% and minimum CAR of 12%

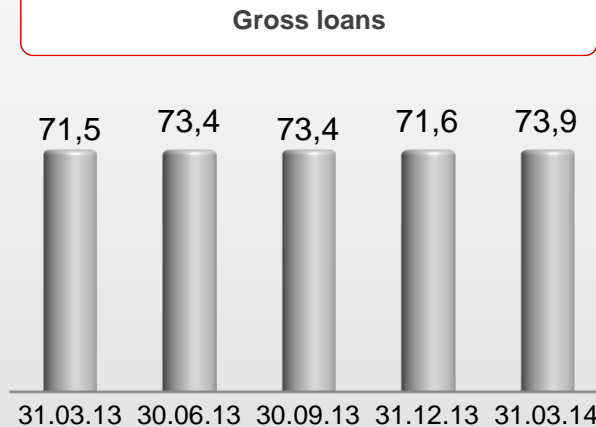
Loans/Deposits

Total Deposits



Current & Savings A/c's + 7.8% YoY
Business deposits + 6% QoQ
Customer Numbers increasing

Gross Loans

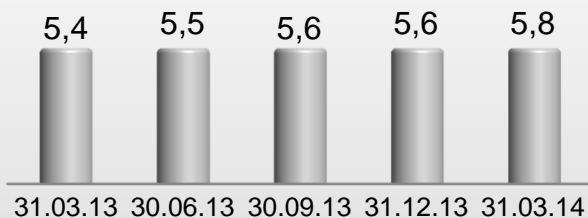


Total gross loans + 3.3% YoY
Total performing loans + 4% QoQ and YoY

Loans for Individuals and SME

Cash loans

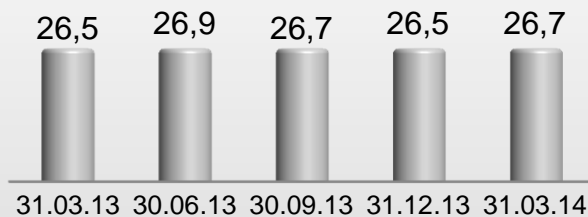
Cash loans (gross)



Cash loan sales + 9% YoY and 6% QoQ

Mortgage loans

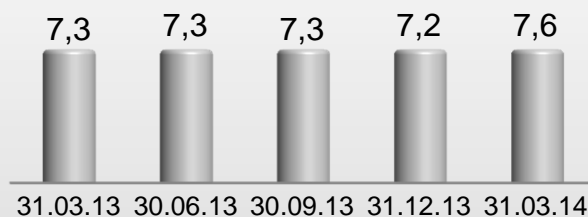
Mortgage loans (gross)



Mortgage sales + 10.5% YoY and + 6% QoQ

SME loans

SME (gross)



SME loan sales + 21% YoY and 9% QoQ

Highest ever SME sales in March

Merger Synergies – ahead of target

Cost synergies well ahead of initial plan

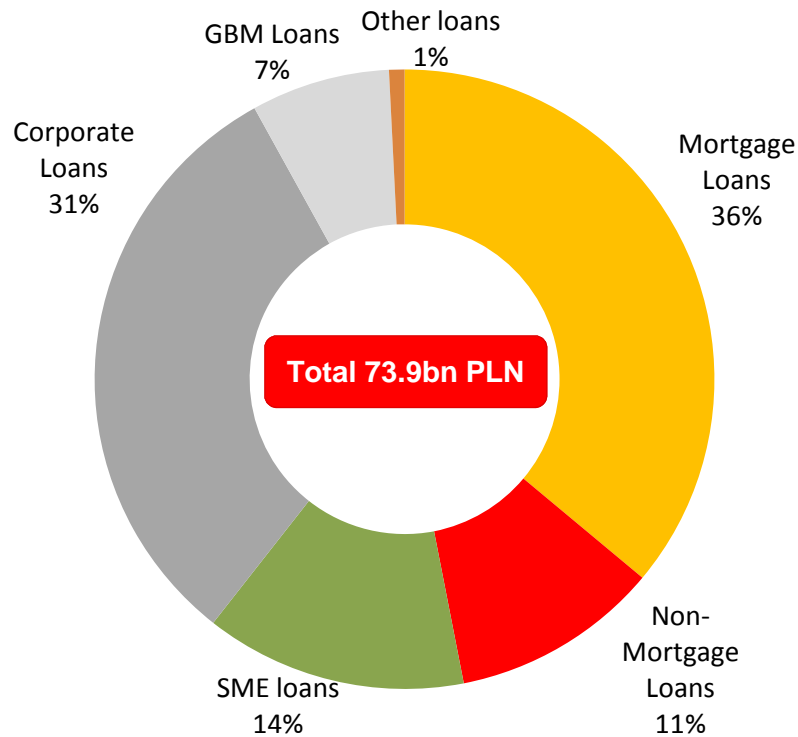
- Headcount 2.2k (15%) lower versus Jan 2012
- Annualised cost savings at PLN 308m vs 2015 target of PLN 340m
- Q1 cost synergies partially offset by high regulatory costs, Aviva consolidation impact and discretionary investment spending (e.g. marketing, consultancy)
- Further cost savings to come through in 2014
- Integration costs for Q1 at PLN 48m

Revenue synergies

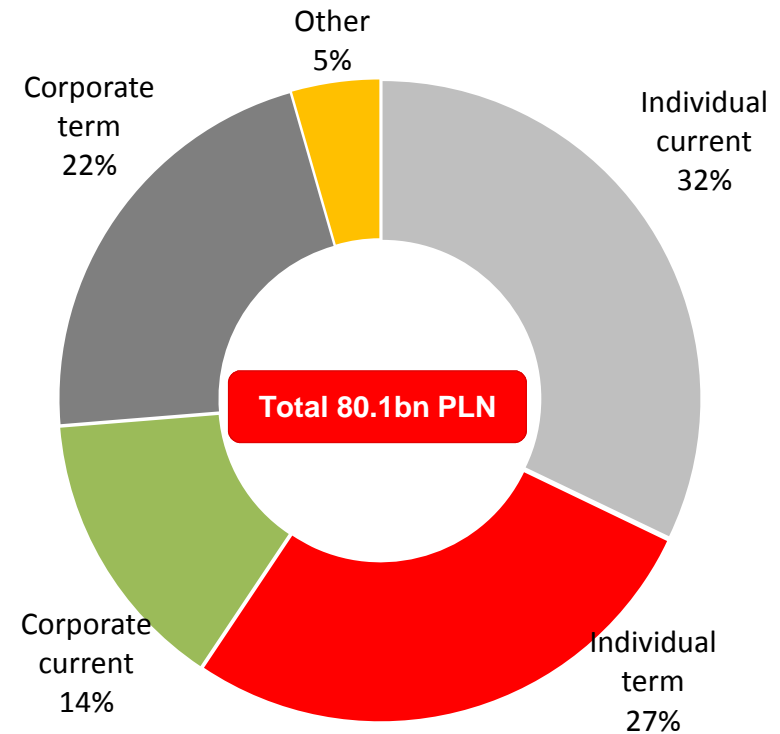
- Material revenue synergies realised from unified cost of funding
- Productivity and profitability of ex. Kredyt Bank network increasing month by month.
- 2014 revenue synergy target of PLN 60m will be achieved

Balance sheet analysis: Structure of loans and deposits

Gross loans as of 31 March 2014

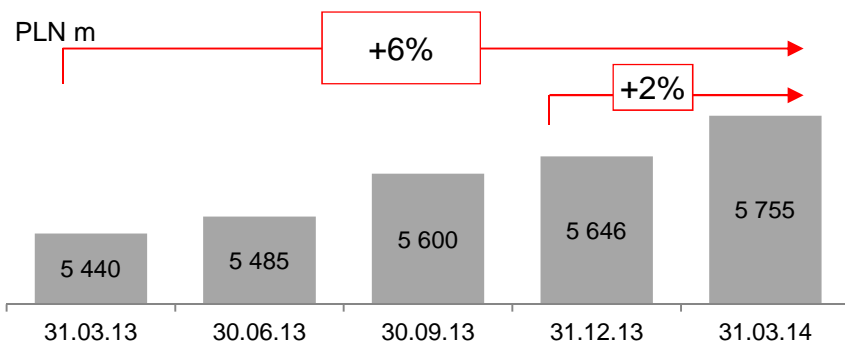


Deposits as of 31 March 2014

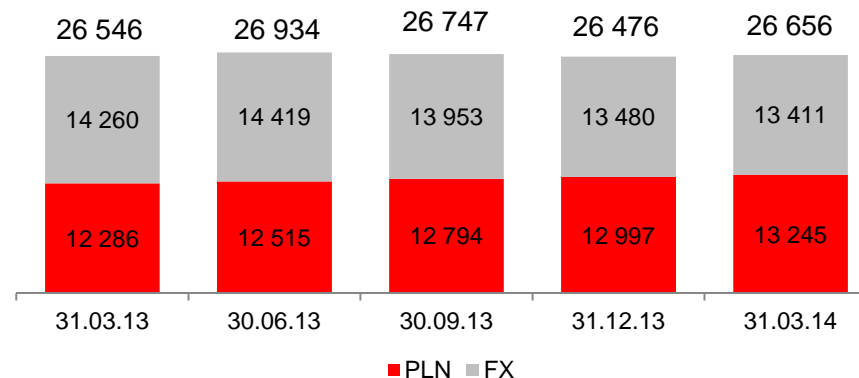


Personal lending

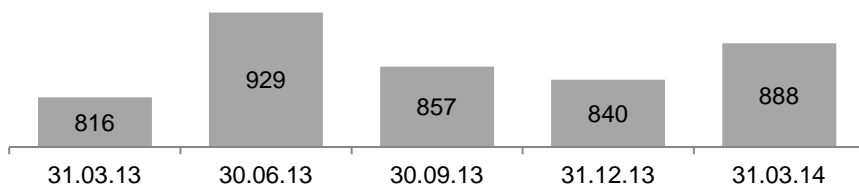
Cash loan portfolio (gross)



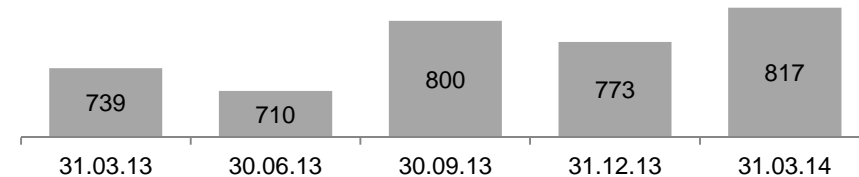
Mortgage portfolio (gross)



Cash loan sales



Mortgage sales



Comment

- Cash loan portfolio + 6% YoY
- Cash loan sales + 9% YoY

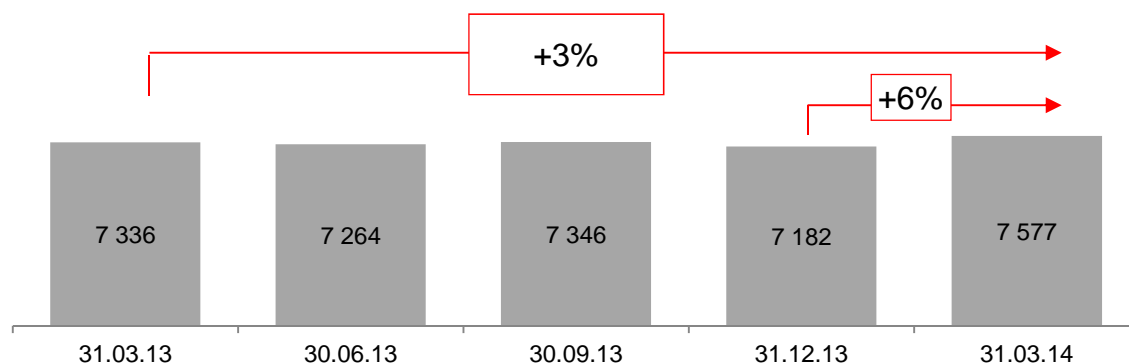
Comment

- PLN mortgages + 8% YoY/Q1 sales + 10.5% YoY
- FX mortgage portfolio - 6% YoY

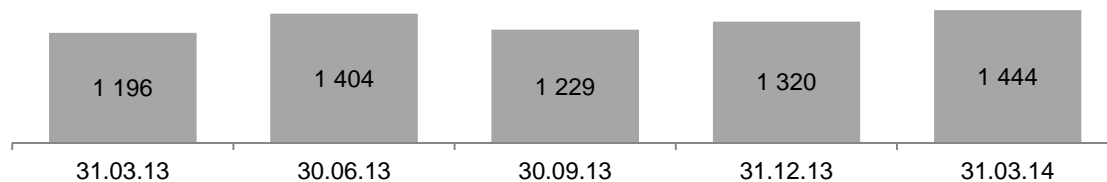
SME

SME loan portfolio (gross)

PLN m



SME loan sales



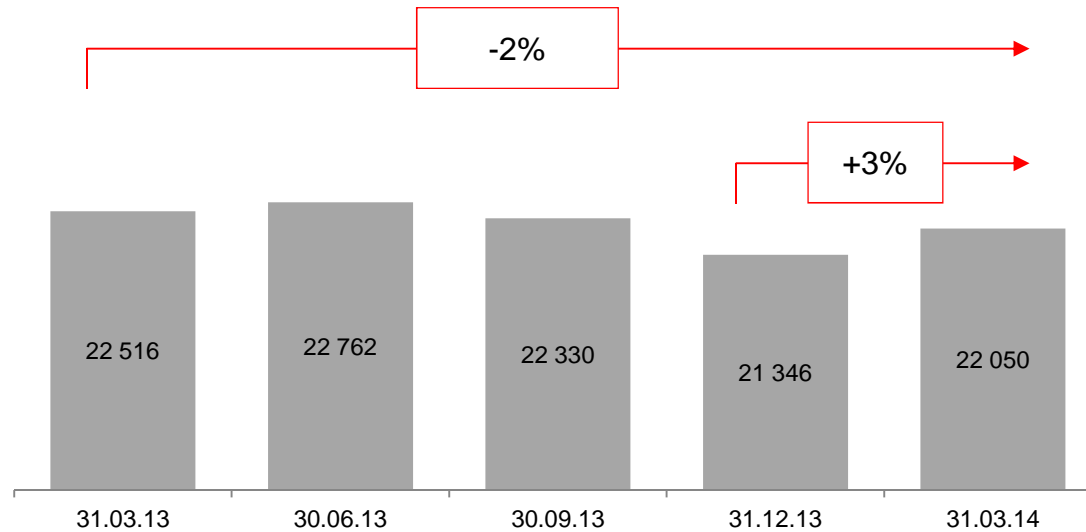
Comment

- Highest ever level of SME loans advanced in March
- Number of SME's with active business accounts + 5% YoY
- Average monthly volumes of transactions on SME accounts increased by ca. 15% YoY

Corporate & GBM

Corporate & GBM Loans (gross)

PLN m



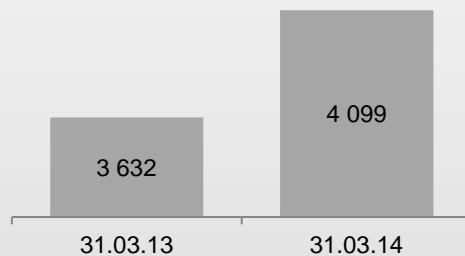
Comment

- Strong GBM loan portfolio growth + 69% YoY / + 13% QoQ
- Corporate loans (incl. Property) + 2% QoQ
- Property loan portfolio - 17% YoY / + 2% QoQ

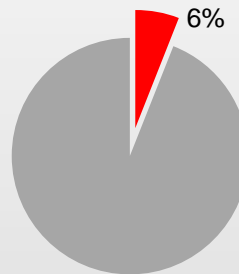
Leasing and Factoring

Leasing – 6th position on the market

Leasing Subsidiaries Portfolio (PLNm)



Market Share (%)

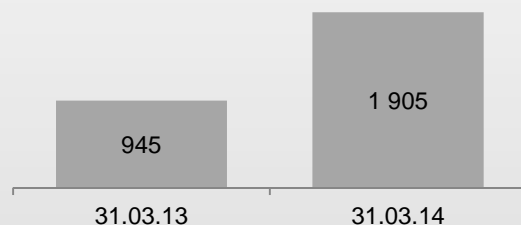


Comments

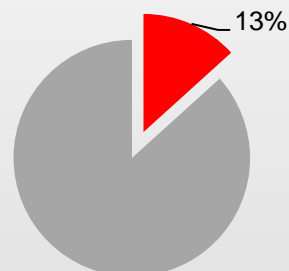
- 1Q 2014 Sales + 56% YoY
- 1Q 2014 PBT + 82% YoY to PLN 27m

Factoring – 3rd position on the market

Portfolio (PLNm)



Market Share (%)



Comments

- Sales + 49% YoY
- Portfolio + 100% YoY
- Turnover + 59% YoY
- 1Q 2014 PBT + 86% YoY to PLN 6.5m

Strong Growth in Mobile & Internet Banking

BZWBK24 Mobile banking

- Number of mobile banking BZWBK24 customers: 281k; +85% YoY
- Over 290k transactions made in 1Q 2014 (over 580k in 2013)
- Over 4,000 products sold in 1Q 2014 (7,700 products sold in 2013)
- Mobile Trends Awards: The best mobile application in 2013 for BZ WBK



Bank Zachodni WBK
Grupa Santander



APLIKACJA MOBILNA BANKU ZACHODNIEGO WBK NAJLEPSZA!



Jesteśmy dumni, że aplikacja BZWBK24 mobile została uznana przez internautów w konkursie Mobile Trends Awards za najlepszą aplikację mobilną 2013 roku. Aplikacja zdobyła też 1. miejsce w kategorii „bankowość mobilna”.

Dolącz do grona jej zadowolonych użytkowników!

BZWBK24 Internet banking

- Number of active BZWBK24 internet customers + 10% YoY to 2.2m
- Individual “buy by click” transaction volumes + 56% YoY

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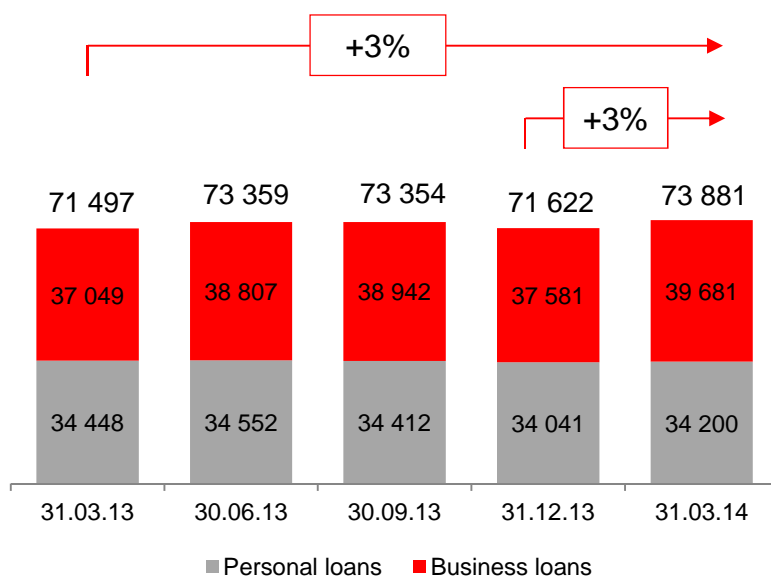
- Macro-economic environment and financial system
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Loan performance

Performing Loan portfolio + 4% YoY

PLN million

Total gross loans



	Mar'13	Dec'13	Mar'14	YoY (%)	QoQ (%)
--	--------	--------	--------	---------	---------

Individuals	34 448	34 041	34 200	-1%	0%
Mortgage	25 423	25 295	25 474	0%	1%
Other Personal	9 025	8 746	8 726	-3%	0%
Business	37 049	37 581	39 681	7%	6%

Total gross loans	71 497	71 622	73 881	3%	3%
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Comment

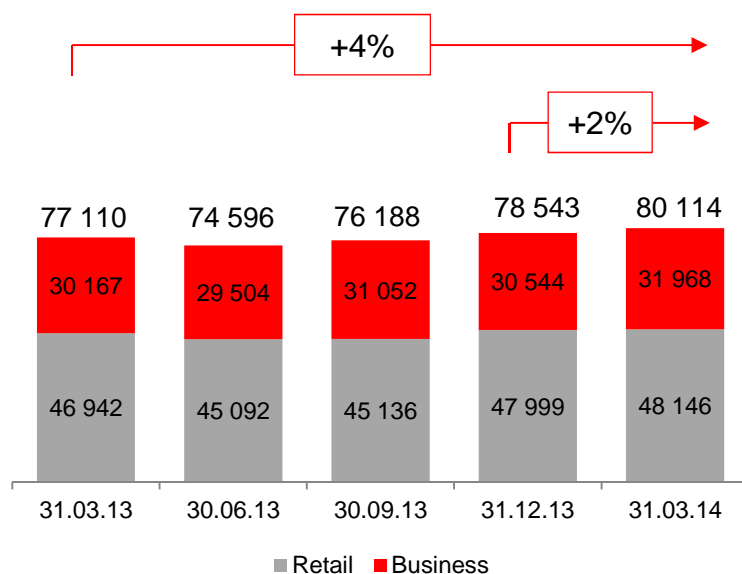
- **Total performing loans +4% YoY:**
 - Mortgage Loans +1% YoY
 - Cash Loans / Credit Cards / Overdraft + 10% YoY
 - SME / Leasing / Factoring + 15% YoY
 - GBM + 69% YoY
- **Business performing loans + 9% YoY (excl. Property)**

Total customer funds

Total Customer Funds + 5% YoY

PLN million

Total Deposits



	Mar'13	Dec'13	Mar'14	YoY (%)	QoQ (%)
Demand	36 657	39 277	39 860	9%	1%
Savings	15 800	15 083	15 242	-4%	1%
Time	24 652	24 183	25 012	1%	3%
Total	77 109	78 543	80 114	4%	2%
FUM	10 737	11 627	11 700	9%	1%
Total customer funds	87 846	90 170	91 814	5%	2%

Comment

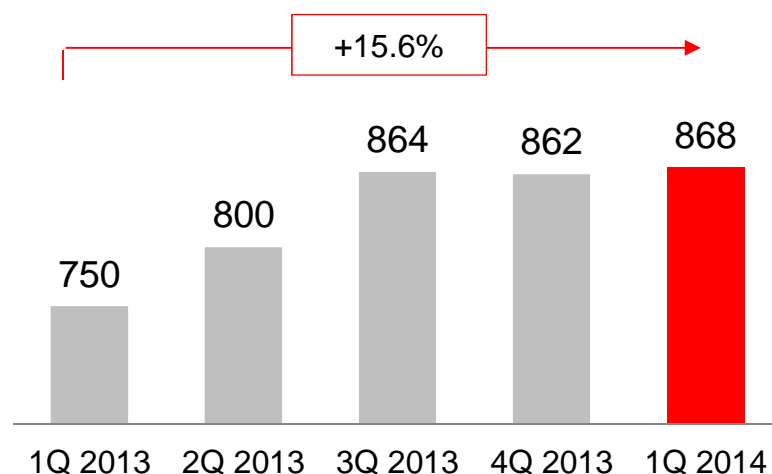
- YoY performance:
 - Retail Deposits + 3%
 - Business Deposits + 6%
 - Mutual Funds + 9%
 - Total Deposits + 4%

Net Interest Income and Net Interest Margin

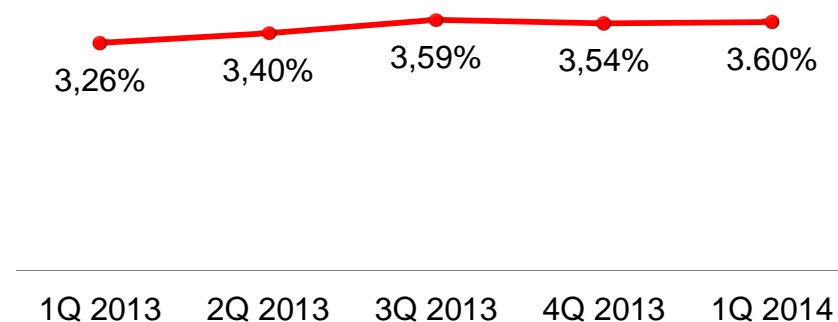
Net Interest Income + 15.6% YoY / NIM + 36bps YoY

PLN million

Net Interest Income



Net Interest Margin (%)*



Comment

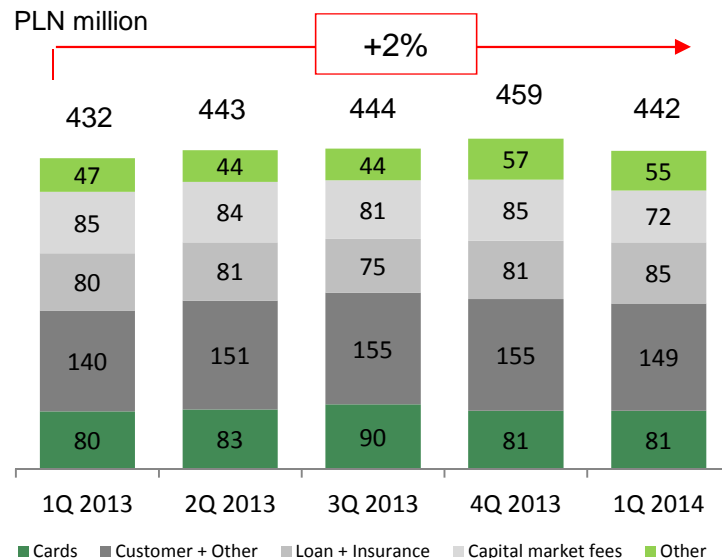
- Net Interest Income + 15.6% YoY
- Increased spreads achieved from lower funding costs
- Improving loan mix supporting Net Interest Income generation

Net Fees

Underlying Fees* + 5.5% YoY

Net Fees

PLN million



Main items

	1Q 2014	1Q 2013	YoY (%)	QoQ (%)
Cards	81	80	1%	0%
Customer + Other	149	140	6%	-4%
Loan + Insurance	85	80	6%	5%
Capital market fees**	72	85	-15%	-15%
Other	55	47	17%	-4%
Total	442	432	2%	-4%

Comment

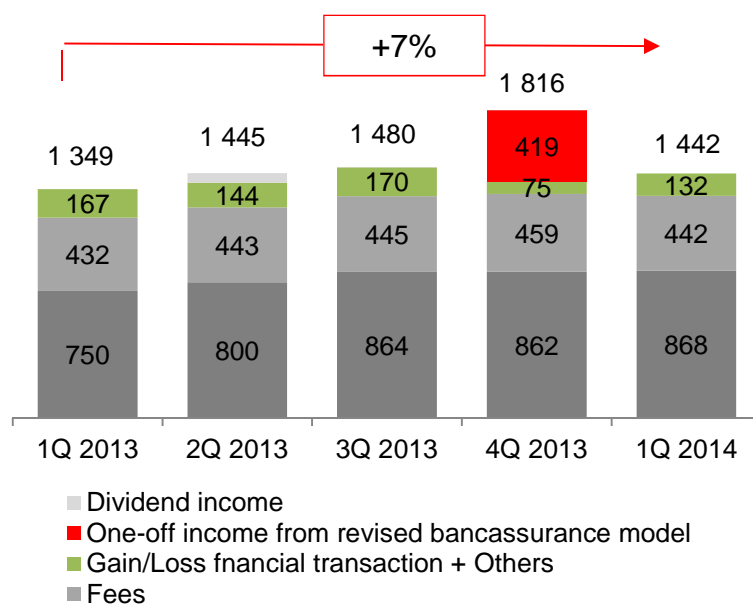
- PLN 15m of Insurance related fee income transferred to Other Income – including this underlying fees + 5.5% YoY/ flat QoQ
- Good performance on FX, Loan, Insurance and Card fees offset by higher mix of free of charge personal accounts
- Capital market fees impacted by seasonality and income related to the BZ WBK share sale in Q1, 2013
- Asset management income impacted by lower pace of sales and a larger share of lower fee generating funds

Gross income

Gross Income excl. 4Q, 2013 bancassurance transaction +3.2% QoQ

PLN million

Gross income



1Q 2014 1Q 2013 YoY (%) QoQ (%)

Net Interest Income	868	750	16%	1%
Net Fees	442	432	2%	-4%
Subtotal	1 310	1 182	11%	-1%
Gain/loss on financial transactions	32	144	-78%	-93%
Other	100	23	337%	515%
Gross Income	1 442	1 349	7%	-21%

Comment

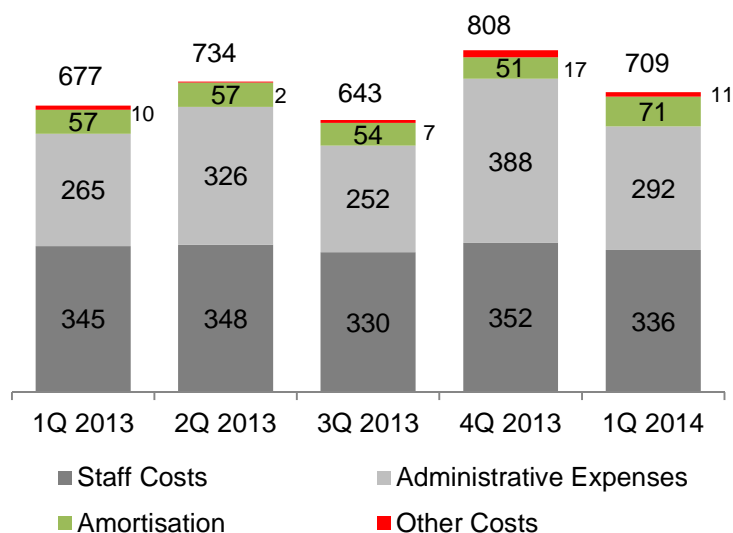
- Gross Income + 12% YoY (excluding impact of ALM bond sales)

Operating expenses

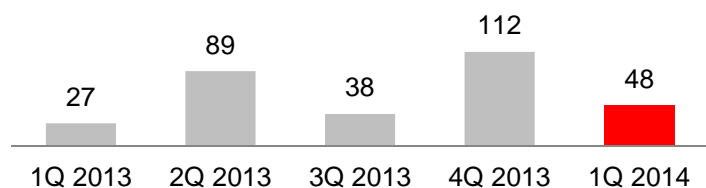
Operating expenses excl. integration costs – 5.1% QoQ

Operating expenses

PLN million



Integration costs



1Q 2014 1Q 2013 YoY (%) QoQ (%)

General and administrative expenses	(628)	(610)	3%	-15%
<i>Staff costs</i>	(336)	(345)	-3%	-5%
<i>Administration costs</i>	(292)	(265)	10%	-25%
Amortisation + Other	(81)	(67)	21%	19%

Operating expenses (709) (677) 5% -12%

Comment

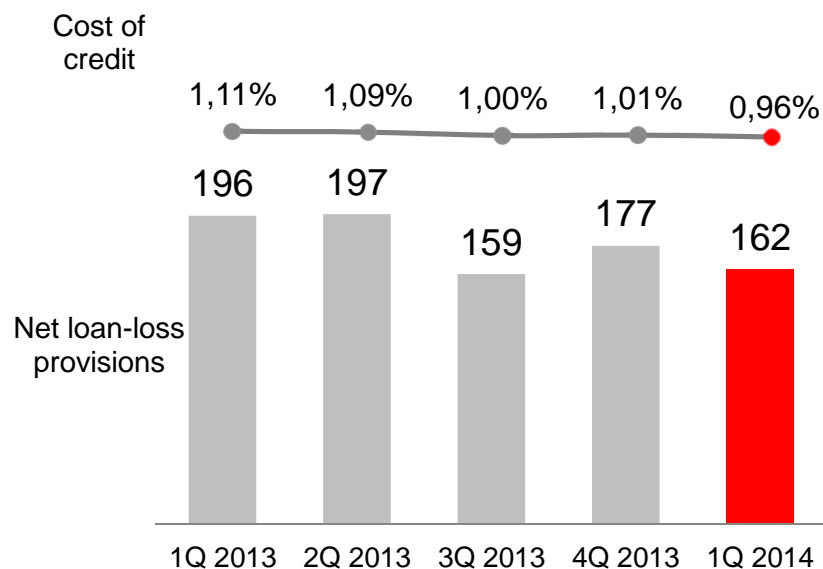
- Underlying costs lower YoY (excluding Aviva impact & Integration costs)
- Staff costs -5% qoq and -3% YoY
- FTE's lower by 250 in Q1 and 2.2k FTE's v Jan 12
- Regulatory costs + 30% YoY to PLN 32m / Marketing costs + 16% YoY to PLN 24m
- Depreciation + 21m due to Aviva impact

Loan-loss provisions (LLPs) and Credit Quality

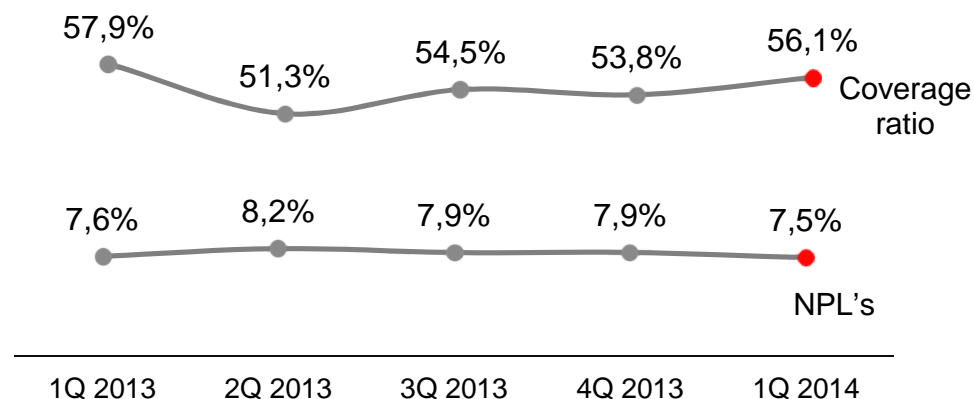
Lower Cost of Credit and NPL Ratio

PLN million

LLPs and Cost of credit



NPL's and coverage ratio



NPL Sales

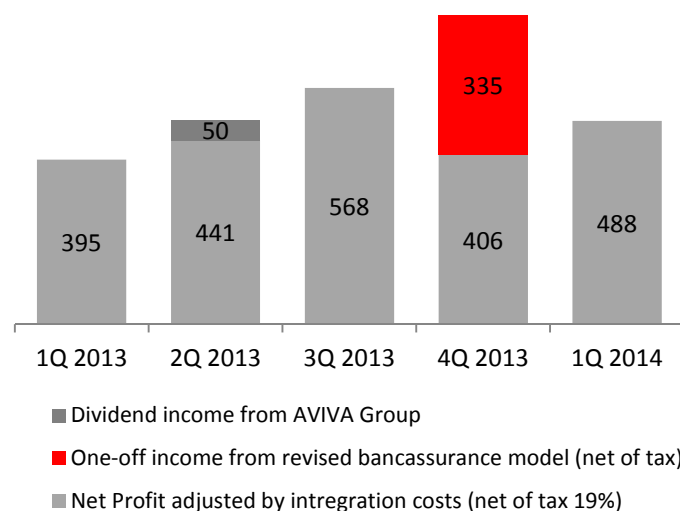
- NPL Loans totaling PLN 60m sold during 1Q 2014
- Positive after tax impact of PLN 1.2m

Attributable profit

Attributable profit excl. 4Q 2013 bancassurance transaction +10.6% QoQ

PLN million

Attributable profit



1Q 2014 1Q 2013 YoY (%) QoQ (%)

Net Operating Income 733 672 9% -27%

LLPs (162) (196) -17% -8%

Profit before taxes 571 476 20% -31%

Tax on profit (111) (95) 17% -35%

Net Income 460 381 21% -31%

Attributable profit 449 374 20% -31%

Effective tax rate 19,4% 20,0%

Comment

- Attributable profit after tax excluding integration costs + 24% YoY

Conclusions

Market Environment & Financial System

- Economic growth accelerating, fuelled by improving activity abroad, as well as reviving domestic demand
- Inflation remains low, which makes interest rate hikes unlikely until the end of 2014
- Demand for loans gradually accelerating, firms focussed on investment credit

Strategy & Business

- Strong performance on new account opening and credit cards.
- Sales efforts supported by marketing campaign for new and existing products
- Very positive performance in Consumer Loans, Leasing, Factoring and SME lending
- “Next Generation Bank” programme progressing well
- Santander Consumer Bank acquisition to be completed in early July
- Integration ahead of schedule. Focus on boosting productivity in former Kredyt Bank branches

Results

- Close management of Net Interest Income in low interest rate environment
- Solid fee generation, increasing YoY
- Costs under tight control, Integration costs in line with merger assumptions
- Credit quality improving with loan loss provisions below management expectation

Key Indicators

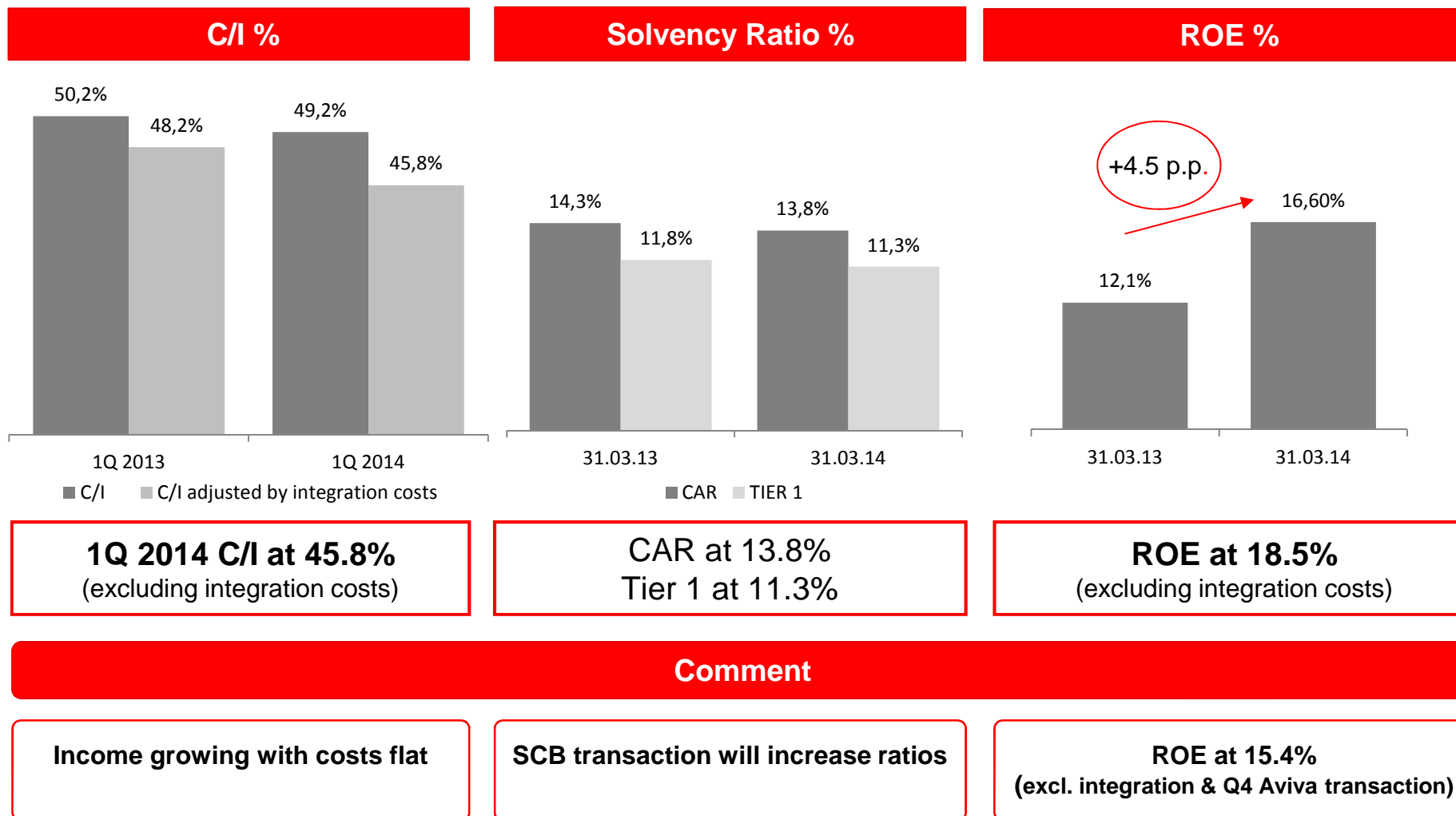


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- **Appendix**

BZ WBK Group Profit & Loss Account

for the period (in PLN k):	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013
Interest income	1 237 445	1 240 318	1 256 948	1 329 375	1 388 562
Interest expense	(369 694)	(378 476)	(392 628)	(529 368)	(638 171)
Net interest income	867 751	861 842	864 320	800 007	750 391
Fee and commission income	520 694	543 924	527 242	518 411	499 845
Fee and commission expense	(78 764)	(85 421)	(82 078)	(75 210)	(68 157)
Net fee and commission income	441 930	458 503	445 164	443 201	431 688
Dividend income	112	665	553	57 520	-
Net trading income and revaluation	(6 840)	49 752	53 247	28 770	54 345
Gains (losses) from other financial securities	39 049	9 376	107 486	90 996	89 736
Net gains/(losses) on subordinated entities	-	419 011	(319)	-	-
Other operating income	100 428	16 338	9 907	24 294	23 006
Impairment losses on loans and advances	(162 007)	(177 241)	(159 150)	(196 872)	(196 038)
Operating expenses incl.:	(709 244)	(808 198)	(643 089)	(733 795)	(676 996)
<i>Bank's staff, operating expenses and management costs</i>	(627 884)	(740 401)	(582 658)	(674 246)	(610 308)
<i>Depreciation/amortisation</i>	(70 655)	(51 349)	(53 563)	(57 420)	(56 989)
<i>Other operating expenses</i>	(10 705)	(16 448)	(6 868)	(2 129)	(9 699)
Operating profit	571 179	830 048	678 119	514 121	476 132
Share in net profits (loss) of entities accounted for by the equity method	(100)	2 674	6 746	6 533	344
Profit before tax	571 079	832 722	684 865	520 654	476 476
Corporate income tax	(110 737)	(171 017)	(139 601)	(94 075)	(95 413)
Consolidated profit for the period	460 342	661 705	545 264	426 579	381 063
of which:					
attributable to owners of BZ WBK S.A.	449 492	651 846	537 379	419 487	373 616
attributable to non-controlling interests	10 850	9 859	7 885	7 092	7 447

BZ WBK Group Balance Sheet

	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013
ASSETS					
Cash and balances with central banks	5 925 534	5 149 686	5 767 930	2 498 203	5 093 574
Loans and advances to banks	4 993 336	2 212 704	2 991 521	1 583 215	1 256 493
Financial assets held for trading & hedging	3 759 412	2 666 857	2 760 309	3 207 985	3 203 227
Loans and advances to customers	70 271 352	68 132 143	69 687 638	69 810 428	67 852 228
Investment securities	21 388 238	22 090 764	20 554 714	19 936 248	21 529 590
Investments in associates and joint ventures	63 344	63 444	124 258	117 512	116 029
Intangible assets	469 934	506 792	337 880	342 941	366 700
Goodwill	2 542 325	2 542 325	1 688 516	1 688 516	1 688 516
Property, plant & equipment	605 828	632 642	601 466	610 003	641 804
Current income tax assets	-	-	-	-	-
Net deferred tax assets	535 554	476 430	684 473	765 499	661 496
Assets classified as held for sale	3 503	3 503	3 503	2 644	5 709
Investment property	14 134	14 166	14 198	15 855	15 891
Other assets	1 511 801	1 568 511	748 859	769 855	1 085 337
Total assets	112 084 295	106 059 967	105 965 265	101 348 904	103 516 594
LIABILITIES					
Deposits from central bank	-	-	-	-	-
Deposits from banks	10 003 802	6 278 797	11 342 679	8 016 541	7 056 609
Financial liabilities held for trading & hedging	1 742 762	1 644 686	1 670 357	2 172 286	2 521 721
Deposits from customers	80 114 033	78 542 982	76 188 012	74 596 252	77 109 560
Debt securities in issue	505 454	500 645	-	-	-
Subordinated liabilities	1 397 146	1 384 719	1 409 577	1 436 145	1 400 942
Current income tax liabilities	86 237	100 983	140 590	150 495	202 121
Other liabilities	3 359 295	3 124 212	1 466 919	1 727 909	1 407 612
Total liabilities	97 208 729	91 577 024	92 218 134	88 099 628	89 698 565
Equity					
Equity attributable to owners of BZ WBK S.A.	14 310 590	13 872 088	13 671 776	13 181 818	13 717 216
Share capital	935 451	935 451	935 451	935 451	935 451
Other reserve funds	10 137 952	10 115 745	10 794 920	10 789 877	10 114 901
Revaluation reserve	697 917	708 907	481 266	533 730	782 743
Retained earnings	2 089 778	129 657	129 657	129 657	1 510 505
Profit of the current period	449 492	1 982 328	1 330 482	793 103	373 616
Non-controlling interest in equity	564 976	610 855	75 355	67 458	100 813
Total equity	14 875 566	14 482 943	13 747 131	13 249 276	13 818 029
Total equity and liabilities	112 084 295	106 059 967	105 965 265	101 348 904	103 516 594



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