

BZ WBK Group: performance after three quarters 2006 – stable growth of one of the market leaders

9 November 2006

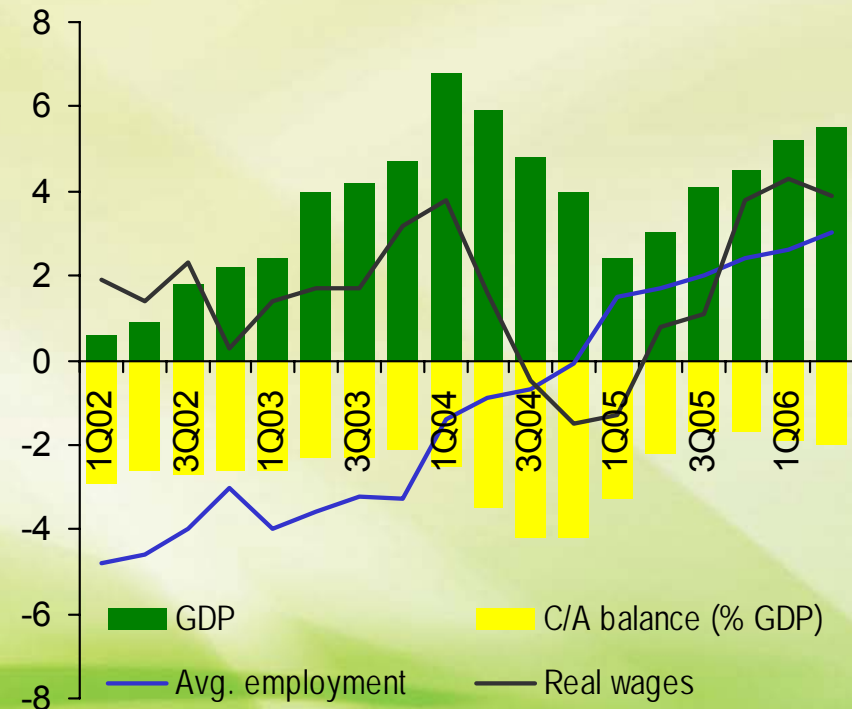
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Economy remains on track

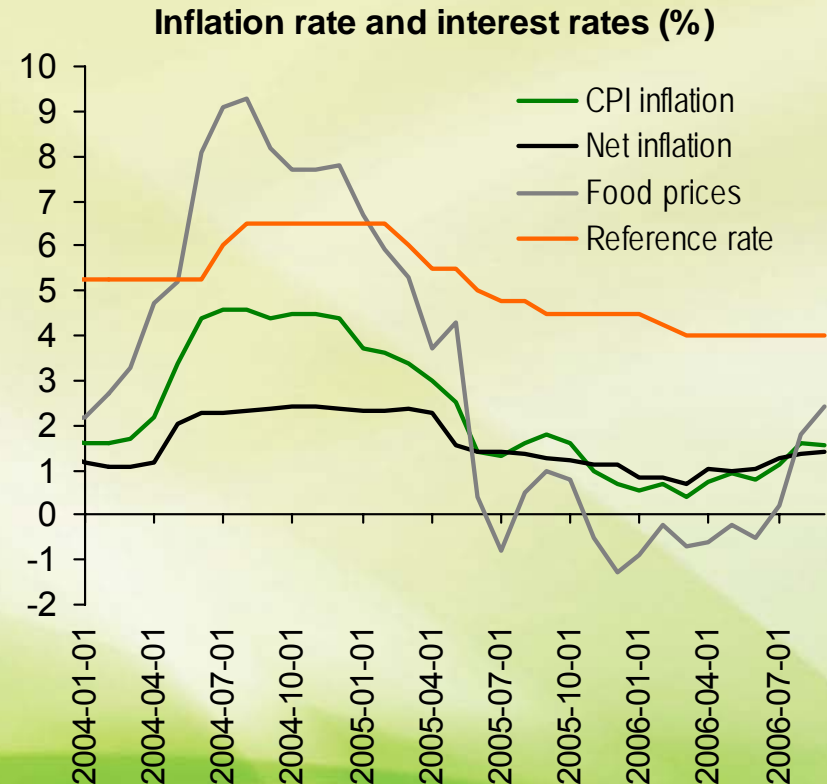
- Strong GDP growth in H1 2006 was maintained in Q3, as slightly weaker performance of net export was offset by revival in domestic demand
- Based on monthly economic activity indicators for July-September period, GDP growth in Q3 may be estimated at 5.5%, so it was not weaker than in H1, despite a negative effect of high statistical base
- The odds are that economic growth in the whole year will top 5%
- Contribution of net export probably turned negative in the second half of the year, but this was related to acceleration in imports growth while export sector remained robust
- Strong economic expansion is closely connected with significant firming of labour market conditions – rapid unemployment fall, record strong employment rise and solid wage growth

Quarterly economic indicators, % YoY



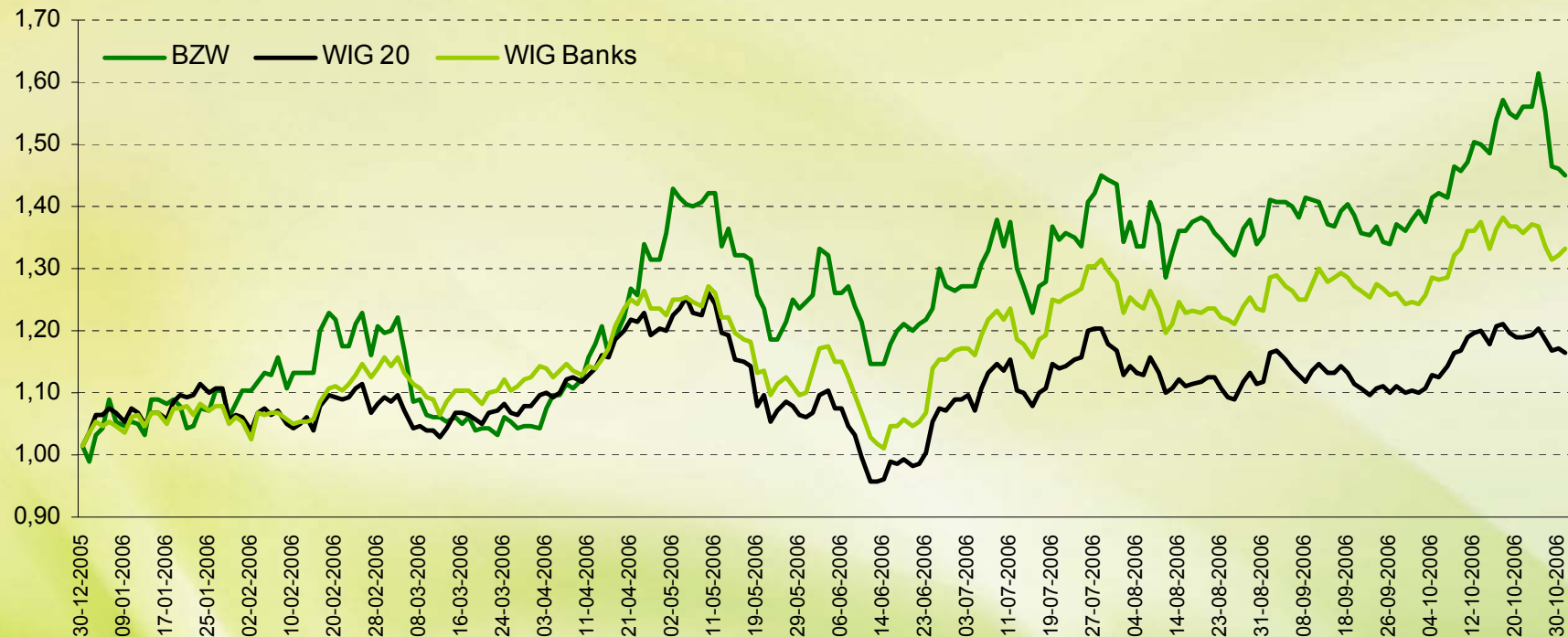
Gradual inflation acceleration, but rates still on hold

- After reaching a mere 0.4%YoY in March, the headline inflation rate has been gradually rising during 2006, reaching 1.6% in September
- Further inflation acceleration is likely in the following months and one cannot exclude the central bank's target of 2.5% will be temporarily exceeded in Q1 2007
- Majority of rate-setters seems to believe that the target of 2.5% is not endangered in the medium-term
- ... but some pre-emptive rate hikes are possible in 2007, if strong domestic demand growth continues (on the back of firmer labour market conditions) and both CPI and core inflation rise substantially, leading to a change in currently expected scenario of economic developments



BZ WBK share performance in 2006

Changes in BZ WBK share price vs. WIG20 (%)



- Since the beginning of the year, BZ WBK share price has gone up 45.9% vs. the 32.1% growth in the sectoral WIG Bank index and vs. a 17.0% increase in the WIG20 index (31.10.2006)



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1-3Q 2006

	1-3Qtr 2006	1-3Qtr 2005	Change
Gross profit	827.3m	531.7m	+55.6%
Net profit	657.0m	433.3m	+51.6%
Profit attrib. to shareholders	593.4m	412.8m	+43.8%
Income	1 787.2m	1 433.1m	+24.7%
Costs	937.9m	873.5m	+7.4%
Cost/Income ratio	52.5%	60.9%	-8.5p.p.
NPL's ratio	5.9%	7.6%	-1.7p.p.
Annualised credit loss ratio	0.20%	0.27%	-0.07p.p.
ROE	24.3%*	17.4%*	+6.9p.p.

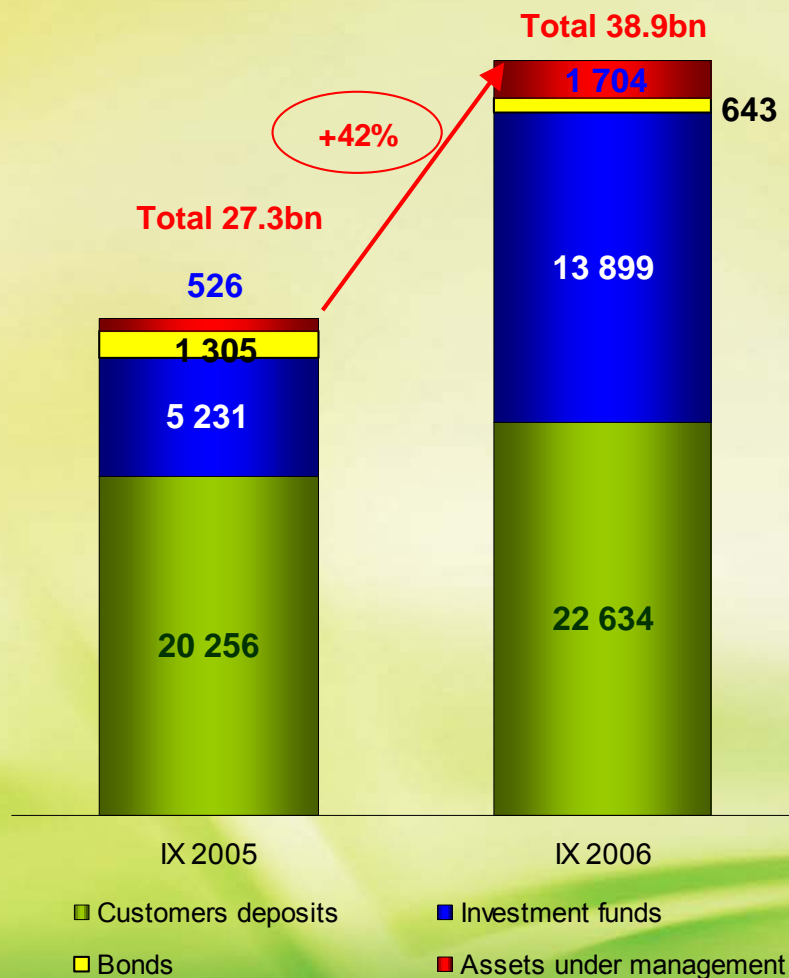
*Profit for previous 4 quarters

Full 2005 ROE 18.0%

Key Highlights

- Exceptional Income growth reflecting increasingly strong momentum across business lines
- Continued spectacular growth in mutual funds, market share maintained during Q3
- Excellent results of the brokerage business, now No1 on the equity market in Q3
- Significant growth in Lending portfolio YoY, +7.5% on Q2
- Improvement in the loan portfolio quality being maintained
- Cost discipline

Dynamic Growth in Savings +42% YoY



- Total customer funds entrusted to BZWBK Group (incl. deposits, savings bonds & mutual funds) increased by 42% YoY to almost PLN 39bn.
- Mutual Funds increased by +166%
- Assets under management increasing rapidly +224%
- Total Deposits increased by 12%
- Significant maturing savings bonds – 51%
- Qtr3 vs Qtr2 2006 +6.8%
 - Deposits +5%
 - Mutual Funds +10%

Investment funds +166% YoY



- 166% growth in assets over the past 12 months vs. market growth by 59%
- Maintained market share at 16.4% since June'06. Significant increase from 9.8% market share in Q3 2005.
- ARKA assets with the most dynamic growth during 2006 +PLN 6.2bn, +80% on Dec2005
- Average monthly sale in Q3 at 41% of HY1 reflecting market conditions
- Excellent performance track record of ARKA Funds over sustained period
 - Number one in 3Y period equity, balanced and stable growth.
 - YTD 2006
 - Equity +29%
 - Balanced +21%
 - Stable growth +11%
- Very good ARKA brand awareness
 - Marketing campaigns continuing
 - Rzeczpospolita newspaper deemed BZWBK AIB TFI third time in the row as the best on the market in its ranking of investment funds corporations.

Brokerage services +89% YoY

bn PLN



- DM BZWBK turnover on equity market increased by 89% to PLN 26.9bn. The second position on the market – 11.9%.
 - Q3 13.1% market share (1st Place)
- Third position on the futures market 12%
- Third position on the options market with 12% share.
- Increase in the number of internet accounts from 21.0k at the end of September 2005 to 28k at the end of September 2006 – by 31%
- Impressive performance of Dom Maklerski BZWBK – increase in gross profit by 110%, increased efficiency

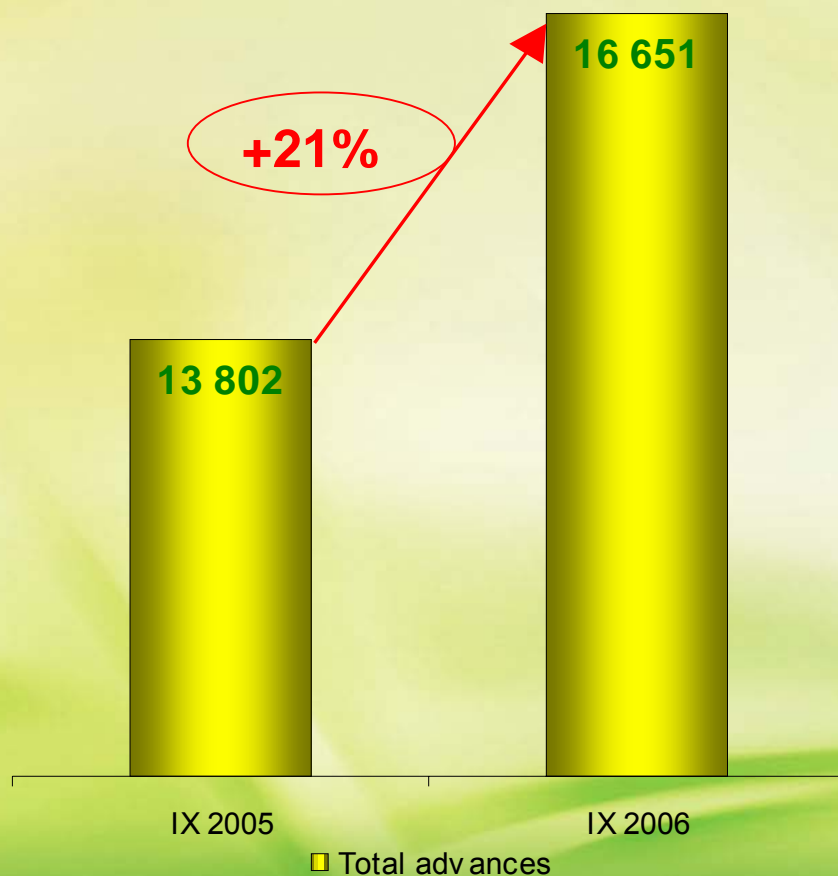


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Total Loans +21% YoY



- Total loans to customers PLN 16.7bn increased by 21%
- Earning Loans (principal) increased by 22% (Q3 vs. HY1 +PLN 1.1bn, +7.5%)
 - Business portfolio +20%:
 - Retail loans +26%: (cash loans +70%, mortgage loans +21%)
 - Leasing advances +11%, impacted by early termination of PLN 140m lease (underlying growth +21%)

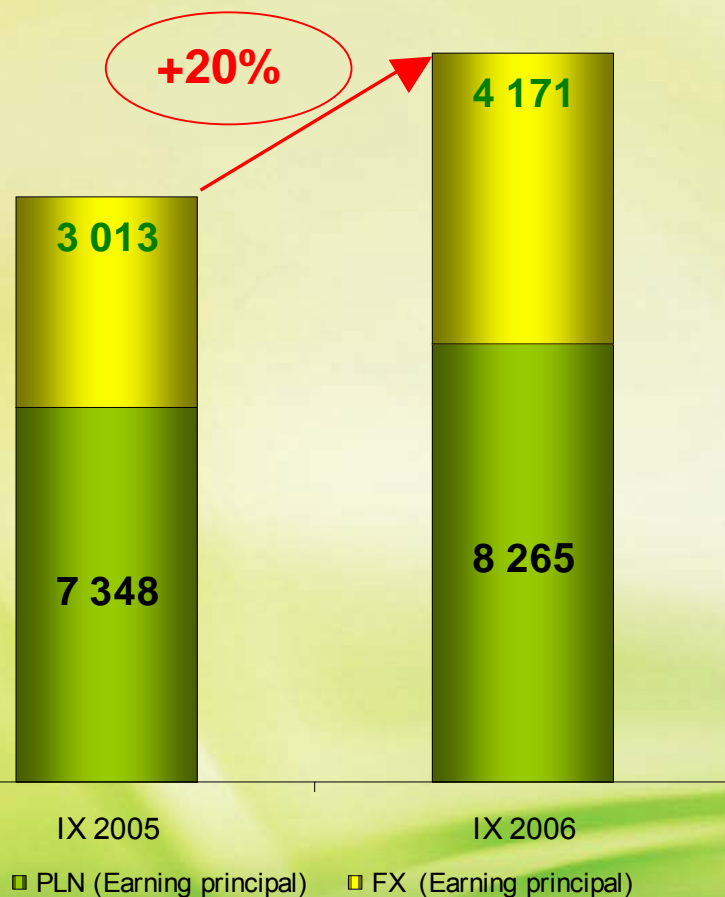


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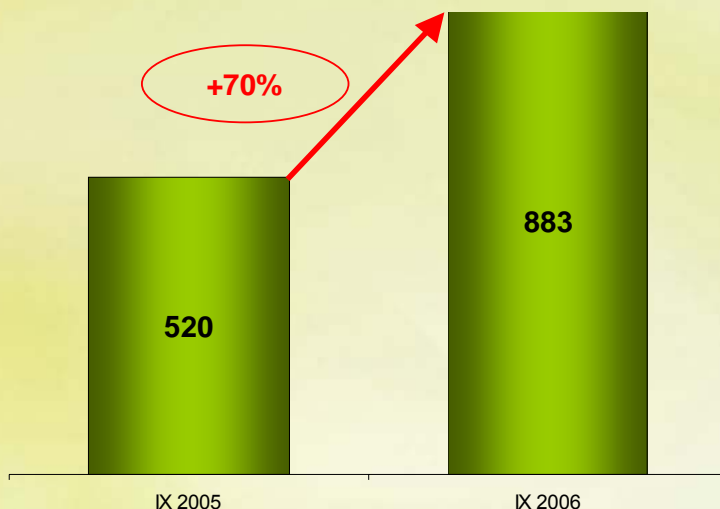
Business Loans +20% YoY



- Earning Business Loans (principal) increased by 20%
 - Corporate & Mid Corporate loans +29%
 - SME loans +13%
- Success of Corporate Banking Centres – full relationship model
- Mid – Corporate - a key focus area
- Risk/reward approach maintained

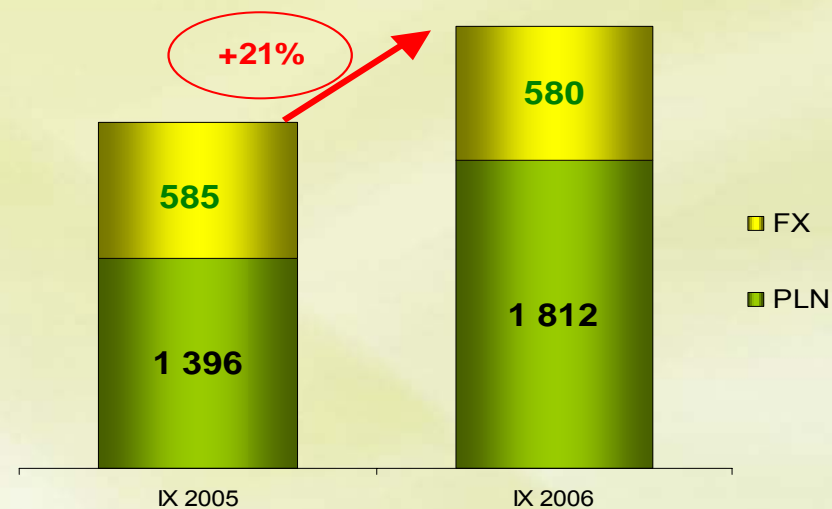
Retail Loans +26% YoY

Cash loans – earning principal



- Performing cash loans increased by 70% YoY (+PLN 95m on HY1)
- New insurance package for cash loans customers
- Pre-sanctioning
- Effective marketing campaign – 15X salary
- NPL's ratio 3.3% vs. 5.3% Q3 2005

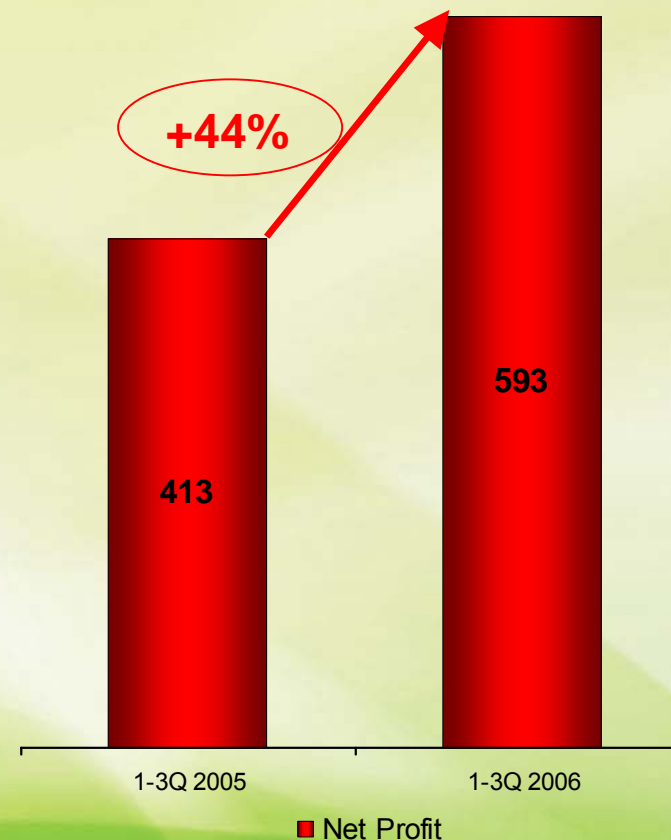
Mortgage loans – earning principal



- Performing PLN Mortgage Loans increased by 30%
- Static FX Mortgage balances
- Promotional interest rate WIBOR 6M + 0.5 p.p.
- New attractive conditions in the offer (higher LTV, longer financing period)
- NPL's ratio 2.2% vs. 2.8% Q3 2005

Net Profit PLN 593m +44%

PLN m	1-3Q 2006	1-3Q 2005	2006/2005
Total income	1 787	1 433	+24.7%
Total costs	938	874	+7.4%
Operating surplus	587	369	+59.0%
Provisions	-22	-29	-22.6%
PBT	827	531	+55.7%
Taxation	-170	-98	+73.1%
Minority interests	64	20	+210.1%
Net Profit	593	413	+43.8%



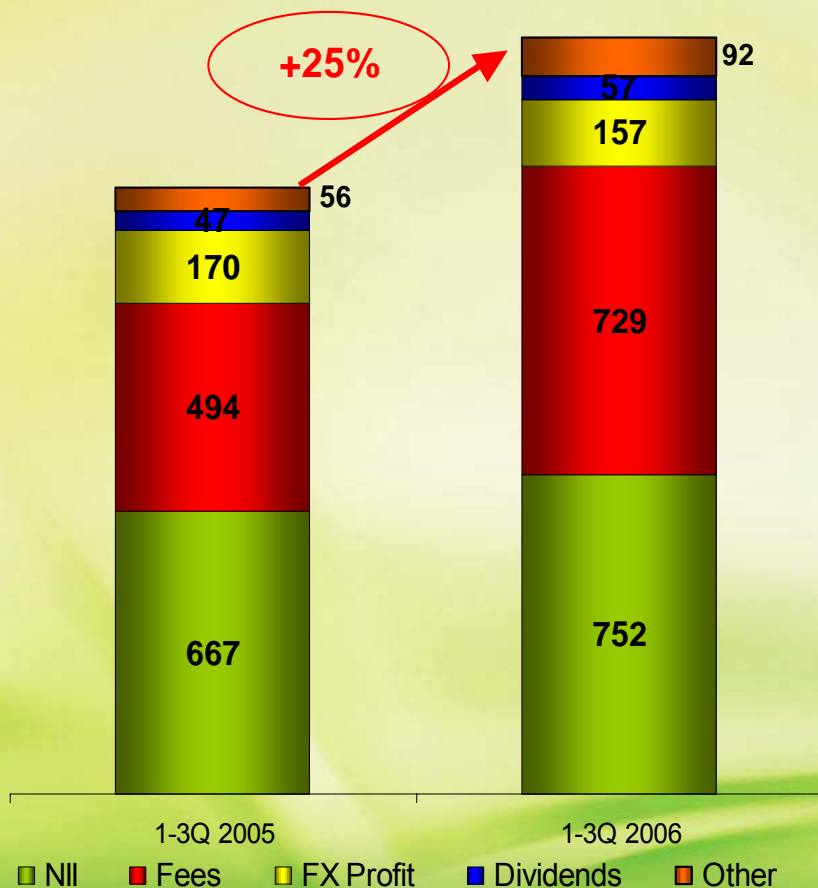
- ROE increased by 6.9 p.p. to 24.3%*.

*Profit for previous 4 quarters

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Total Income PLN 1,787m +25%



Total income increased by 25%.

■ Net interest income +13% but:

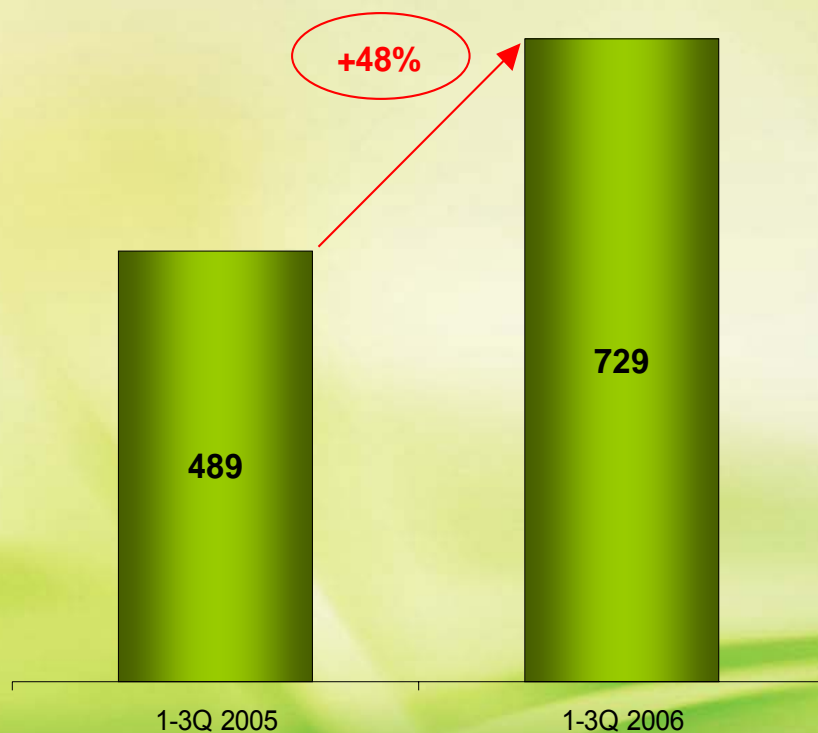
Underlying Net Interest Income growth 5.7%
(due to accounting treatment of FX derivatives).

- Business volumes growth
- Business mix / competition
- Rate environment

■ Other Income +35%

- Income generated by Mutual Funds and asset management +254%
- Increase in gain from disposal of capital investments (PLN +32m)
 - Realised gains of PLN 7.6m in Q3
- Dividend received +21%
- FX profit – 7.5% but underlying increase of 12.2%

Fees and commissions PLN 729m +48%



- Total fees and commissions increased by 48%
- Key driver – Mutual Funds & asset management +254%
 - Mutual funds:
 - PLN 7.9bn sold YTD, +222% YoY
 - Average balances +224%, favourable portfolio structure
- Brokerage Fees increased by +79%
- eBusiness & Payment products +6.5%
 - Competitive prices introduced from July'06 (impact in Q3 approx. PLN 6m)
- Account fees lower by 4%:
 - No price increases
 - Better customer propositions
- Q3 PLN 240m vs HY1 PLN 489m
 - Higher mutual fund balances
 - Lower distribution fees
 - Reduced income from eBusiness
 - Lower brokerage fees

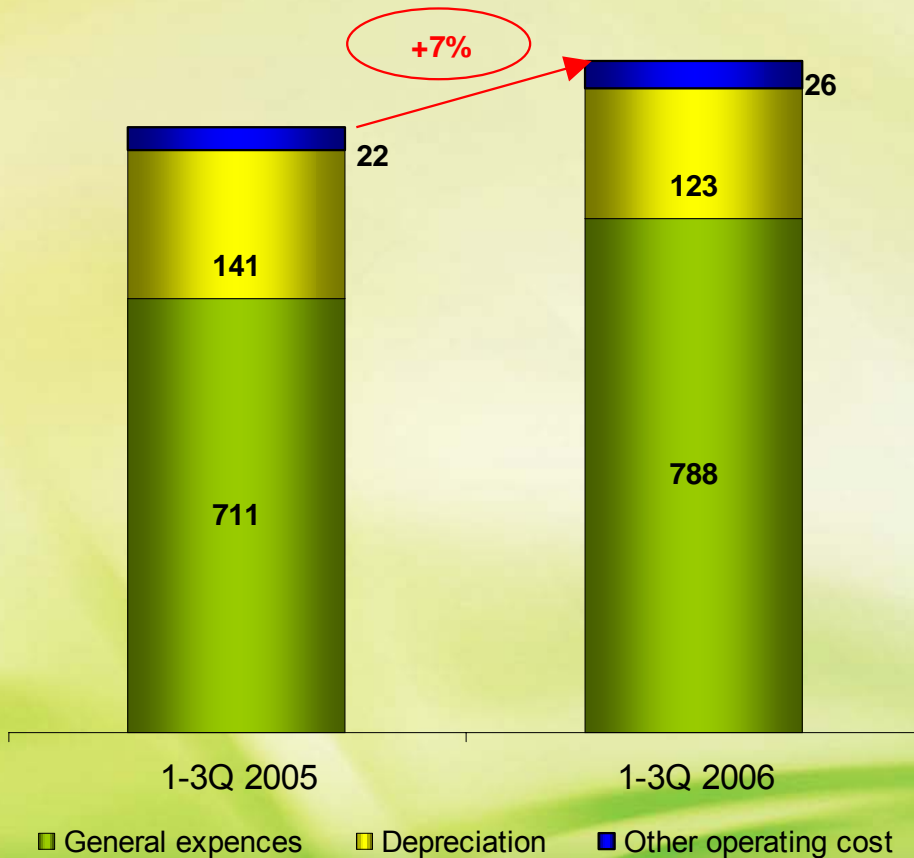


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Total Costs PLN 938m +7.4% YoY



- Staff costs increasing (+12%) due to:
 - Higher staff number, +294 FTE's, supporting business development
 - Salary increase and higher performance bonuses
 - Staff Training & Development
- Controlled increase in Administrative expenses (+9%):
 - Marketing & promotion +45%
 - Savings initiatives – benefits continue to be realised
- Depreciation decreased by 12%

Credit Risk



- NPL's Ratio significantly improved - by 1.7 p.p. to 5.9% driven primarily by loan growth
- Impaired loans provision cover 60.7%
 - Annualised Total impairment losses 0.20% - 7 bp. vs. 3Q 2005 (actual 2005 0.42%)
- Recoveries remain a feature
- Benefits of prudential lending approach realised

Summary

- Strong uplift in profitability, + 50% excluding equity disposals
 - Q3 Profit (PLN 256m) lower to Q2 (PLN 332m) due primarily to dividends received (PLN 57m) in Q2 and asset disposals (PLN 13m)
- Cost/Income Ratio lower by 8.5 p.p.
 - Income growth vs. Cost growth +17.3 p.p.
- ROE up by 6.9 p.p.
- Solvency Ratio strong at 15.1%

Contacts

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