



# Bank Zachodni WBK - AVIVA

## Revised Bancassurance Model

20<sup>th</sup> December, 2013



Bank Zachodni WBK

 Grupa Santander

---

Bank Zachodni WBK S.A. ("BZ WBK") cautions that this presentation contains forward-looking statements. These forward-looking statements are found in various places throughout this presentation and include, without limitation, statements concerning our future business development and economic performance. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to: (1) general market, macro-economic, governmental and regulatory trends; (2) movements in local and international securities markets, currency exchange rates and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties. The risk factors that we have indicated in our past and future filings and reports could adversely affect our business and financial performance. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date on which they are made and are based on the knowledge, information available and views taken on the date on which they are made; such knowledge, information and views may change at any time. BZ WBK does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

The information contained in this presentation is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant any fuller disclosure document published by BZ WBK. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in the presentation. In making this presentation available, BZ WBK gives no advice and makes no recommendation to buy, sell or otherwise deal in shares in BZ WBK or in any other securities or investments whatsoever.

Neither this presentation nor any of the information contained therein constitutes an offer to sell or the solicitation of an offer to buy any securities.

The financial information contained in this presentation has been prepared solely by BZ WBK without any input from or verification by Aviva.

Note: Statements as to historical performance or financial accretion are not intended to mean that future performance, share price or future earnings (including earnings per share) for any period will necessarily match or exceed those of any prior year. Nothing in this presentation should be construed as a profit forecast.

# Bancassurance Business Model

---

- In 2007 BZ WBK and AVIVA entered into a 15 year co-operation agreement and established two JV companies:
  - **BZ WBK-AVIVA Towarzystwo Ubezpieczeń na Życie S.A. (“TU S.A.”)**
  - **BZ WBK-AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. (“TUO S.A.”),**
- The purpose of the strategic co-operation was to develop and distribute insurance products to BZ WBK customers under a 50/50 bancassurance model.
- The model has proven to be very successful with BZ WBK’s income from insurance activity by 21% CAGR since 2007.
- On 2<sup>nd</sup> August, BZ WBK and AVIVA agreed to amend their strategic co-operation agreement for the bancassurance business.

# Re-negotiation of the Bancassurance Model

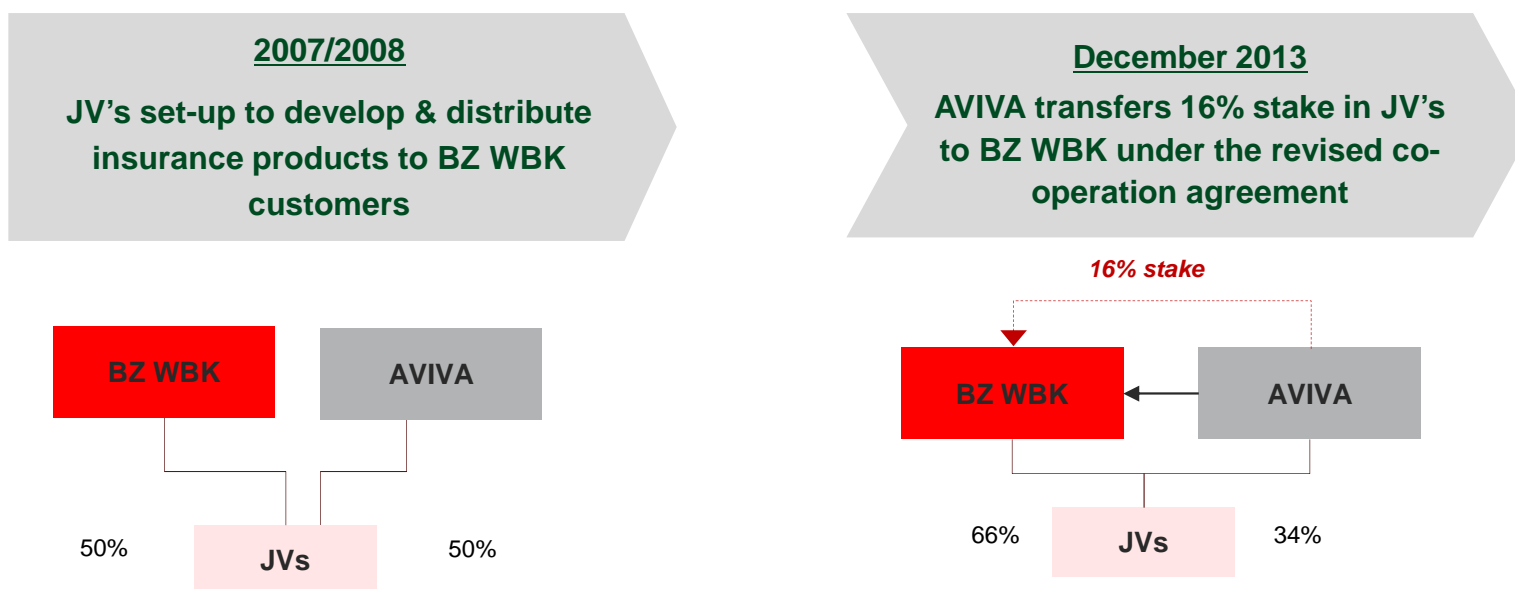
---

Both parties agreed that two key developments had increased the value of the Insurance JV's:

- **The merger with Kredyt Bank**, resulting in:
  - An enlarged branch network through which the JV insurance products can be distributed;
  - An increased number of BZ WBK customers to whom JV insurance products can be sold to; and
  - An increased number of pre-existing Kredyt Bank customers in BZ WBK to cross sell JV insurance products and other banking products.
- **The extension of the duration of the current bancassurance co-operation agreement by an additional 10 years to December 2033.**

# Re-negotiation of the Bancassurance Model

- The increase in value of the JV's provides a benefit to both parties (in the form of a higher value of the Insurance JVs, of which each partner owns 50%) and in this case BZ WBK is the party that is contributing the value increase.
- In order to reflect this, 16% of both JV's has been transferred to BZ WBK increasing the stake in both Insurance JVs to 66% and AVIVA will have the remaining 34%.



# Financial Impact of the Transaction

---

- As BZ WBK has acquired control over both JV entities; full consolidation will apply for financial reporting purposes.
- The transaction will generate a profit in the consolidated profit and loss account estimated in the amount of PLN 420m and PLN 336m on pre-tax and after tax basis, respectively. The profit is the result of revaluation to the fair value of the existing (50%) stake in both JV companies at the moment of taking the control, as required by IFRS.
- As the result of the transaction, goodwill will be recognised in the consolidated account. BZWBK has not yet completed the process of goodwill estimation. The goodwill amount will be impacted by the fair value of net assets acquired, additional assets recognised at the acquisition and the fair valuation of the non-controlling interest.
- It is estimated that the reduction of the total capital ratio resulting from the transaction will still allow maintaining prudent capitalisation level above internal management and regulatory limits.

# Summary

---

The revised strategic co-operation agreement between BZ WBK and

AVIVA:

- Strengthens the existing successful relationship between the parties.
- Reflects the increased value of the core Bancassurance model in the enlarged BZ WBK Group post merger with Kredyt Bank.
- Creates additional value in the long-term both in Life and Non-Life Insurance JV companies.



Contact:

Eamonn Crowley  
Chief Financial Officer  
[eamonn.crowley@bzwbk.pl](mailto:eamonn.crowley@bzwbk.pl)

Agnieszka Dowżycka  
Investor Relations Director  
[agnieszka.dowzycka@bzwbk.pl](mailto:agnieszka.dowzycka@bzwbk.pl)  
Tel. 48 61 856 45 21

