



**BANK ZACHODNI WBK GROUP  
1-3Q 2017 RESULTS**

26<sup>TH</sup> OCTOBER 2017

Bank Zachodni WBK

 Grupa Santander

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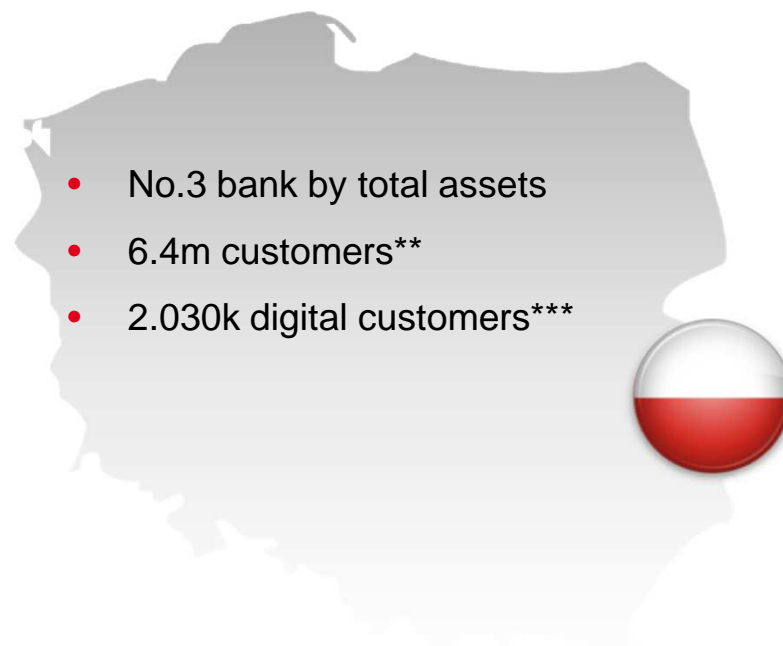
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- **Strategy and business**
  - Macroeconomic environment
  - BZ WBK Group Results
  - Appendix

# Overview

## Poland's 3rd largest Bank

	30.09.2017	YoY
<b>Business and Results</b>		
<i>PLN</i>		
Gross Loans	111.4bn.	5%
Deposits	111.0bn.	5%
Total customer funds	127.0bn.	5%
Assets	150.5bn.	6%
<b>Market Share*</b>		
Loans	10.1%	
Deposits	10.0%	
<b>Network and Employees</b>		
	<b>BZ WBK</b>	<b>SCB</b>
Branches	592	160
Employees	11.5k	2.6k



\* Market share for BZ WBK Group as of end of June 2017.

\*\* Including SCB.

\*\*\*Excluding SCB. Digital customers: clients who have logged in at least once in a given month.

# BZ WBK Strategy

## To become the leading customer-centric digital bank

A customer-centric bank cares for its customers to achieve sustainable long-term relationships

We believe that a customer wants:

- A **simple** set of products, **fairly priced** and **right for me**, that are easily explained and understood
- Quick and error-free service through the channel of my choice
- Recognition that I'm an individual, with my own needs, whose relationship you value

BZ WBK as a customer-centric bank wants to be:

**Simple**  
**Personal**  
**Fair**

Our strategy encompasses both elements critical to customer-centricity

Business and operational improvement

Cultural change

Market leading business and financial performance

Creating a bank that is **Simple | Personal | Fair**

# Mission, vision and objectives of BZ WBK

## 1 People

...to be **TOP 1 employer**

...have strong internal culture  
**SIMPLE | PERSONAL | FAIR**

## Customers 2

...significantly **outperform the banking sector**

...**simplify and transform our channel(s) proposition**

...develop **best modern bank** proposition and customer experience

...grow our market **share to 11%**

...immaterially **increase activity per loyal customer**

... a bank that strives to be **SIMPLE | PERSONAL | FAIR** helping individuals and business prosper

...be renowned as a **local Community Bank**

...develop cooperation within **Santander Universidades**

...be the **best governed and stable bank**

...earn sustainable **superior returns for our shareholders**

## 3 Communities

## Shareholders 4

# Account as I Want It – new banking idea

We launched 21st, August 2017



Available in all distribution channels



Branches  
Partner  
Units



Internet



Mobile



Multichannel  
Communication  
Center

## Customer decide himself:

- what services he want to use and what he want to pay for
- when and where to set on, set off or change services

## First choice account

- for existing customers (easy and quick conversion) and for the new ones
- two options available – for customers up to 26 years old and above

## New products linked with Account I Want

- Tailored Card (Karta Dopasowana) – debit card, Visa or Mastercard
- Systematic Account – account encouraging customers to regular saving

End of Sep'17 results

**115 ths.**

Accounts  
I Want  
opened

## We simplify personal accounts offer

- since 1st, November 2017 we offer only 2 accounts:

- Konto Jakie Chcę (Account as I Want It)
- VIP Account

# What else in retail banking?

## Novelties in offer

- Kantor BZWBK24 (currency exchange) working hours extension – now available to 9 p.m.
- All credit cards with monthly fee waiver (defined transactions number is needed)
- Product and process changes in the mortgage loans in line with the new law concerning mortgages and intermediaries
- Launch of new product - property and movables insurance Locum Comfort
- Launch of Insurance Loyal Program – preferences for insurance continuation and customers with more than 1 insurance product

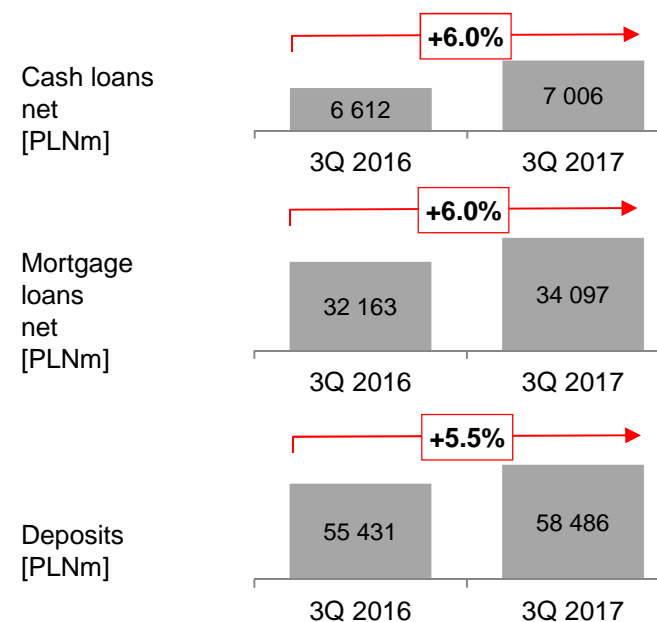
UBEZPIECZENIE LOCUM COMFORT

Ubezpieczam moje Locum, tak jak chcę

- Powódź
- Stłuczenia
- Wandalizm
- Kradzież
- OC
- Pakiet Rower

Do końca sierpnia rabat -20%

## Volumes increase\*



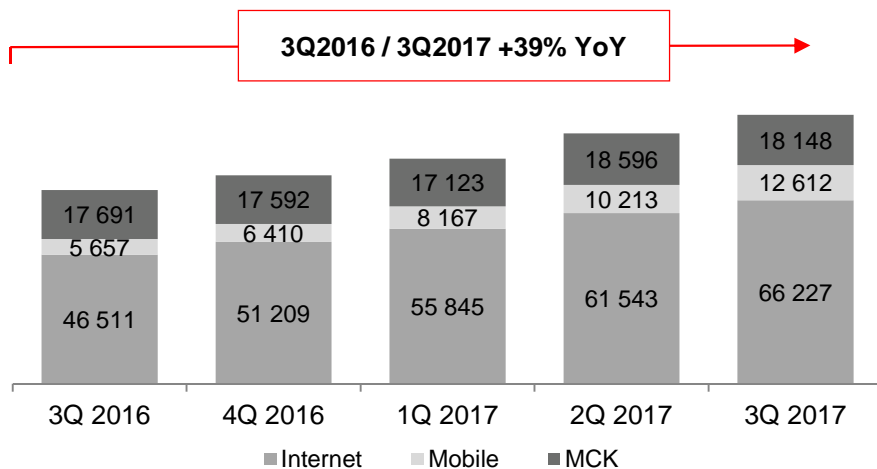
## Good time in investment products

- Over PLN 1bn Arka investment funds net sales via internet – 70% share
- We achieve the highest assets volume in Brokerage House since 3 years – PLN 12.9bn
- We participated in the greatest private IPO Play Communications –16.25% share in offer

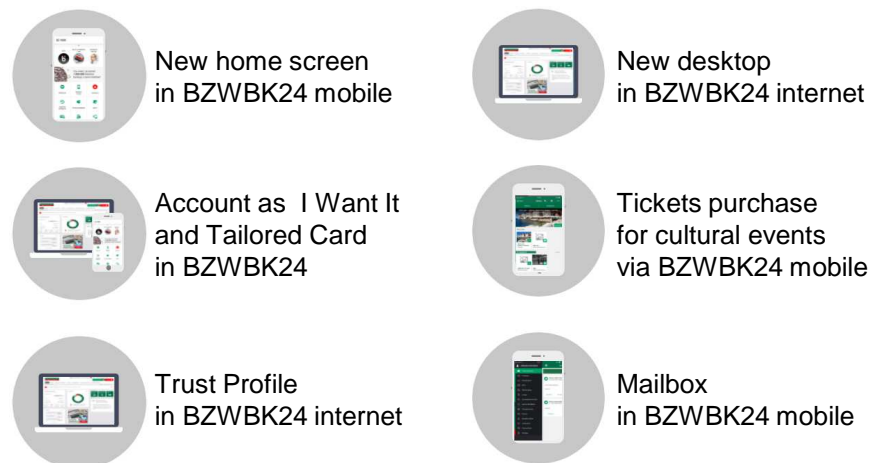


# We continue retail transformation

## Steady growth of credit products sales in remote channels



## BZWBK24 internet and mobile functionality development



## More and more customers use the remote channels

**3.31m (+4% YoY) customers with access to electronic services (internet and mobile)**

- **1.01m** (+25% YoY) mobile users
- **6.1m** (+72% YoY) mobile transactions
- **111 ths.** users of HCE / Android Pay

**2.03m**  
active digital customers

## New distribution strategy

- New Distribution Strategy for Retail has been developed – it defines the new role of digital channels and branches, the new branches formats, the new bank advisor profile.
- In line with the New Distribution Model the first branch accessible to customers 7 days a week with cash self-service (“Galeria Północna” shopping center in Warsaw) was opened

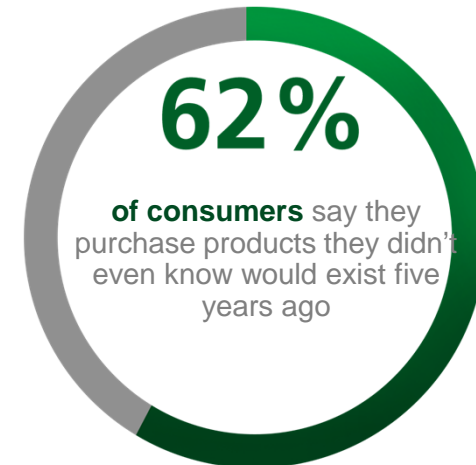
# New brand promise addressed personalization and makes use of strong brand



**Personalized experience** absolutely critical or very important in decision-making process.

Everything is branding experience, brand is build on a sum of all interaction with a company across all channels, through all touchpoints.

Strong brand delivers its promise.



# Brand promise in key CX processes



## Key areas of communicating brand promise:

Products that follow each stage of customer’s life and needs, such as flagship account **Konto Jakie Chcę**.

Comfortable multichannel service exactly where and when the customer needs.

# Campaign of new brand promise and Konto Jakie Chcę TV and cinema

→ Image spot (45", 30")



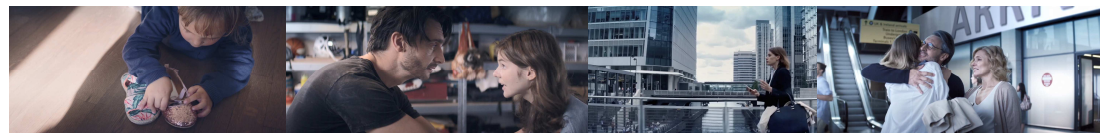
**30 m**

TV Target audience

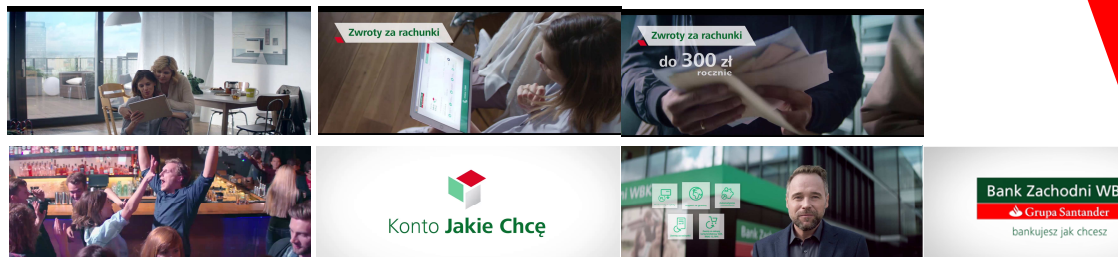
**45 000**

Spots aired on TV

→ Product spot Konto Jakie Chcę (45", 30")



→ Product „tactical” spots (30")



**2.35 m**

Cinema Target audience

**92 900**

Spots aired in cinema

# 1-3Q 2017 Financial Highlights

■ Attributable profit of PLN 1,664 million

vs. 1-3Q 2016

15%  
*Underlying\**

■ Reinforced capital position

TCR

16.90%

CET1

15.92%

■ ROE – leading position in Peer Group Banks

ROE

11.7%

■ Secure funding position (L/D ratio):

BZ WBK Group

95.9%

Bank Zachodni WBK SA

88.7%

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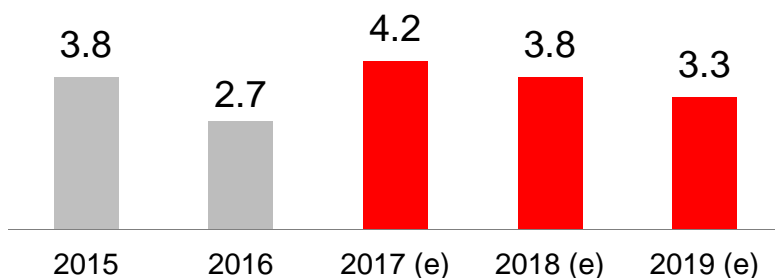
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- BZ WBK Group Strategy and business
- **Macroeconomic environment**
- BZ WBK Group Results
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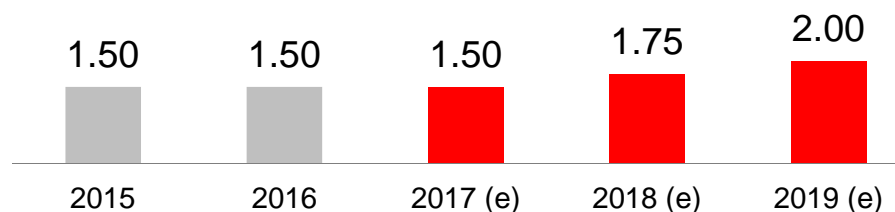
# Macroeconomic environment

## GDP growth near 4%, inflation gradually rising

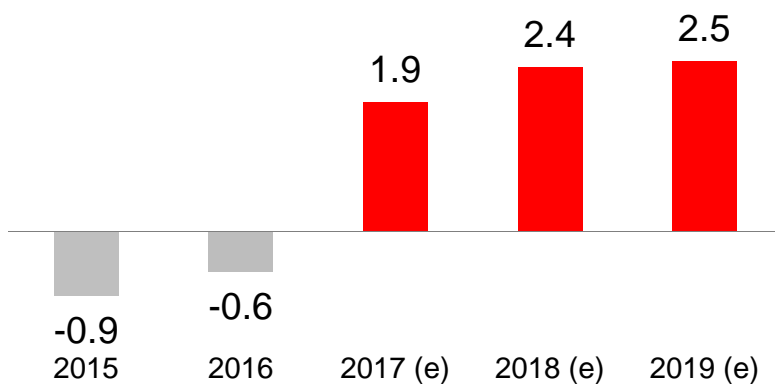
Annual GDP Growth (real. %)



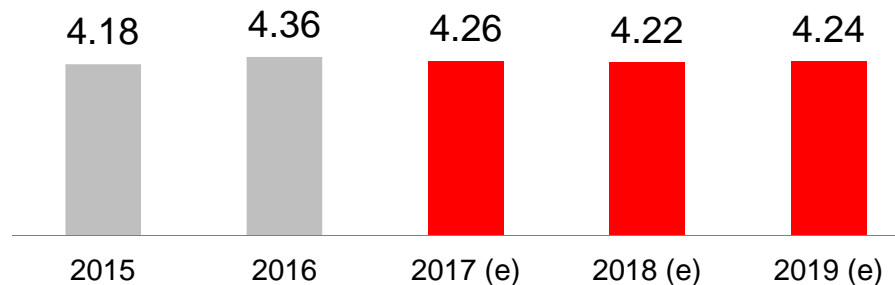
Central Bank monetary policy (%)



Inflation (annual change. %)



Average exchange rate (EUR/PLN)

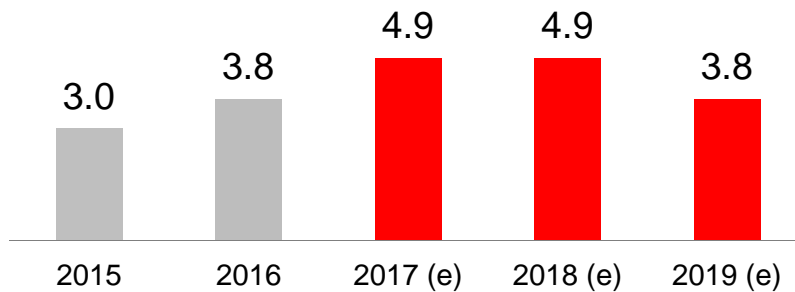


Source: GUS, NBP, BZ WBK

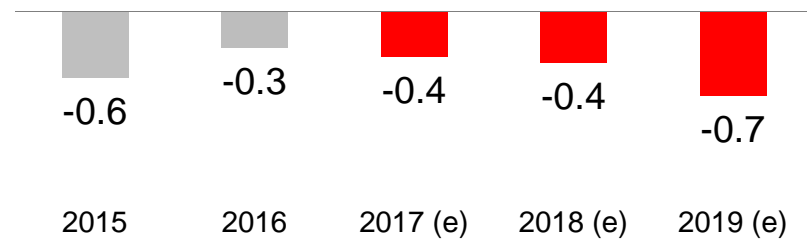
# Macroeconomic environment

**Strong consumption, record low unemployment, upcoming investment recovery**

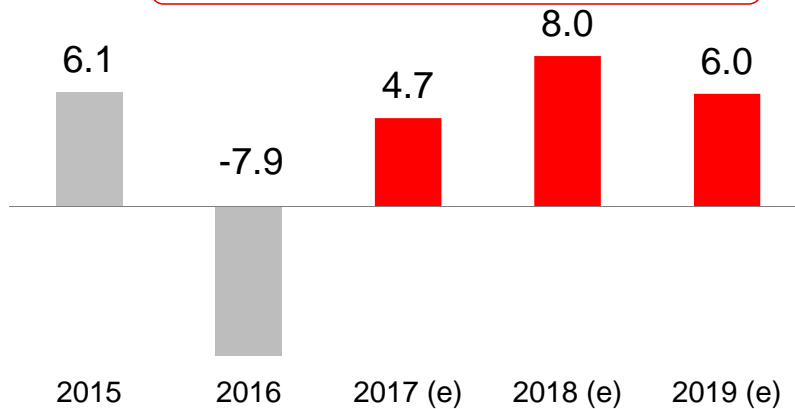
Private consumption (YoY growth. %)



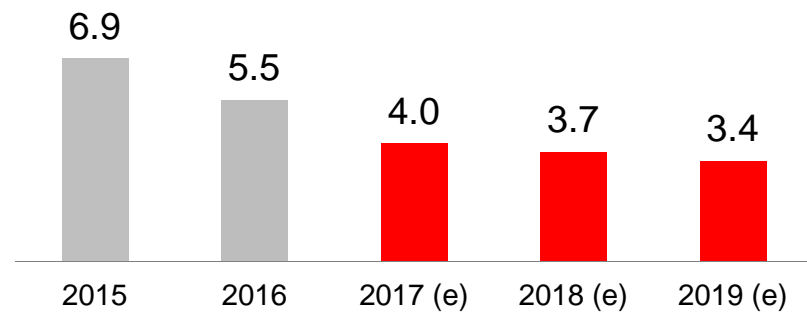
Current account balance (% GDP)



Investment (YoY growth. %)



Unemployment (year-end. %)



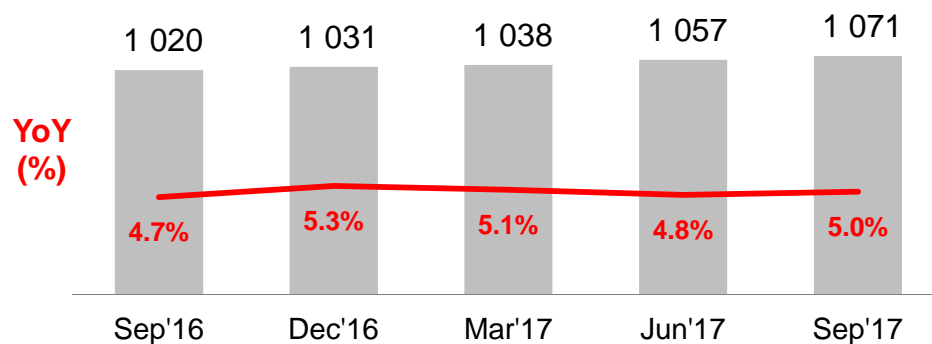
Source: GUS, NBP, BZ WBK



# Macroeconomic environment

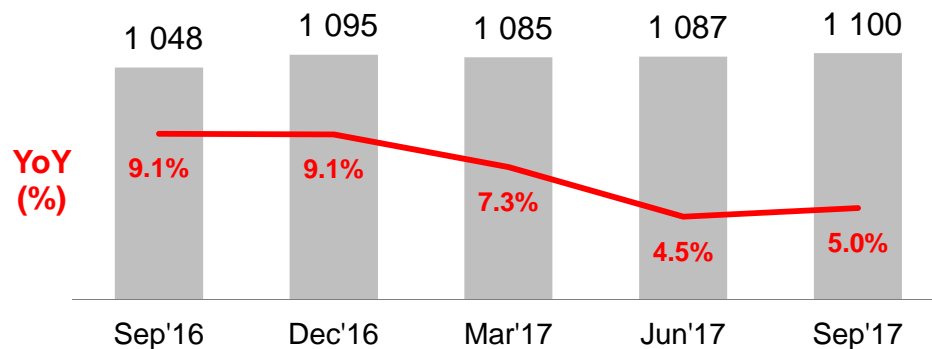
## Slow revival in loans, deceleration of deposits

Total loans (PLNbn)



- Total market loans are rising by about 5% y/y this year.
- Consumer loans are growing at a solid 7-7.5% y/y while PLN-denominated mortgage loan growth rate is slightly above 10% y/y.
- A revival of corporate loans continued with PLN-denominated loans reaching 9% y/y.

Total customer deposits (PLNbn)



- Deposit growth decelerated versus end of 2016 due to outflow of deposits to alternative investments, e.g. the stock market or real estate market.
- Demand deposits still grow really fast, by c13% y/y, while term deposits fall by c5% y/y.

Source: NBP, BZ WBK

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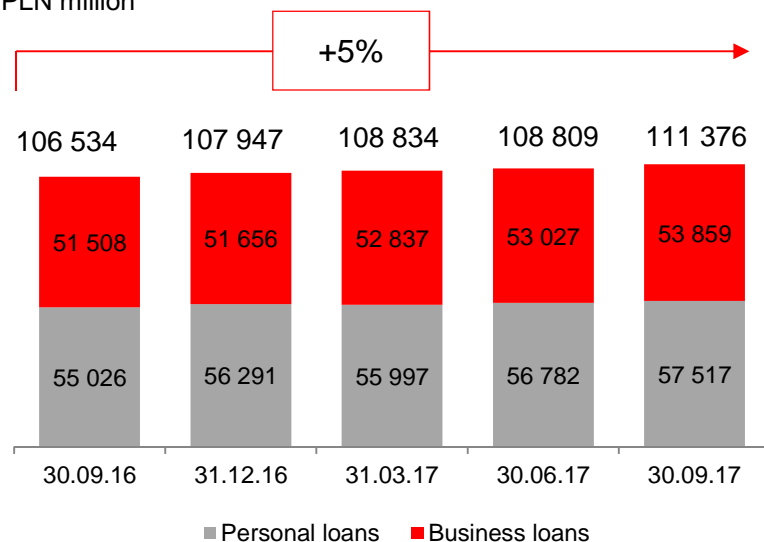
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# Loan Performance

## Gross Loans +5% YoY

### Total gross loans

PLN million



**SCB gross loans PLN 15.7bn  
(+8% YoY)**

**CHF mortgage loans -8% YoY (CHF 60m)**

	Sep'17	Sep'16	YoY (%)	QoQ (%)
<b>Individuals</b>	<b>57 517</b>	<b>55 026</b>	<b>5%</b>	<b>1%</b>
Mortgage	37 463	35 953	4%	1%
Other Personal	20 054	19 073	5%	2%
<b>Business</b>	<b>53 859</b>	<b>51 508</b>	<b>5%</b>	<b>2%</b>
<b>Total gross loans</b>	<b>111 376</b>	<b>106 534</b>	<b>5%</b>	<b>1%</b>

### Comment

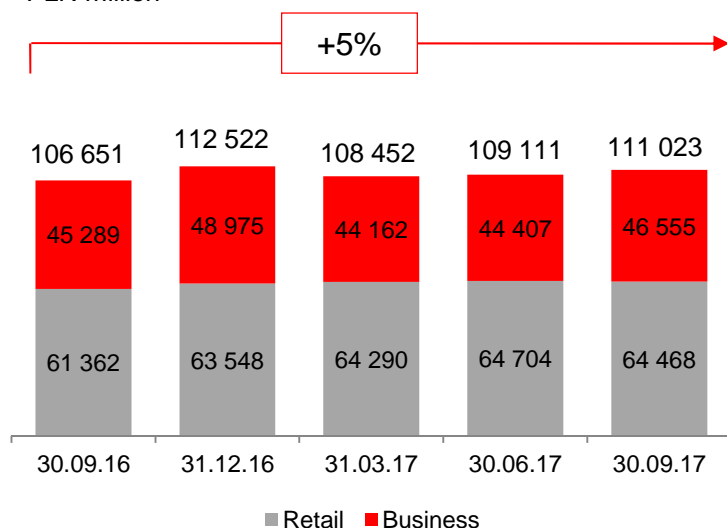
- **BZ WBK gross loans: +5% YoY:**
  - Mortgage Loans +6% YoY, in PLN +17% YoY
  - CHF mortgage loans -7% YoY (Portfolio PLN 1.7bn)
  - Cash Loans / Credit Cards / Overdraft +4% YoY
  - SME / Leasing / Factoring +11% YoY
  - Corporate +3% YoY
- **Retail SCB Loans (excl. Mortgages) +8.3% YoY**

# Total Customer Funds

## Total Customer Funds +5% YoY

### Total Deposits

PLN million



**SCB deposits PLN 8bn**  
(+1.9% YoY / +0.4% QoQ)

	Sep'17	Sep'16	YoY (%)	QoQ (%)
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Demand	37 851	33 693	12%	3%
Savings	24 096	22 785	6%	1%
Time	49 076	50 172	-2%	1%

<b>Total</b>	<b>111 023</b>	<b>106 651</b>	<b>4%</b>	<b>2%</b>
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Funds under mgmt	15 978	13 779	16%	5%
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<b>Total customer funds</b>	<b>127 001</b>	<b>120 430</b>	<b>5%</b>	<b>2%</b>
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### Comment

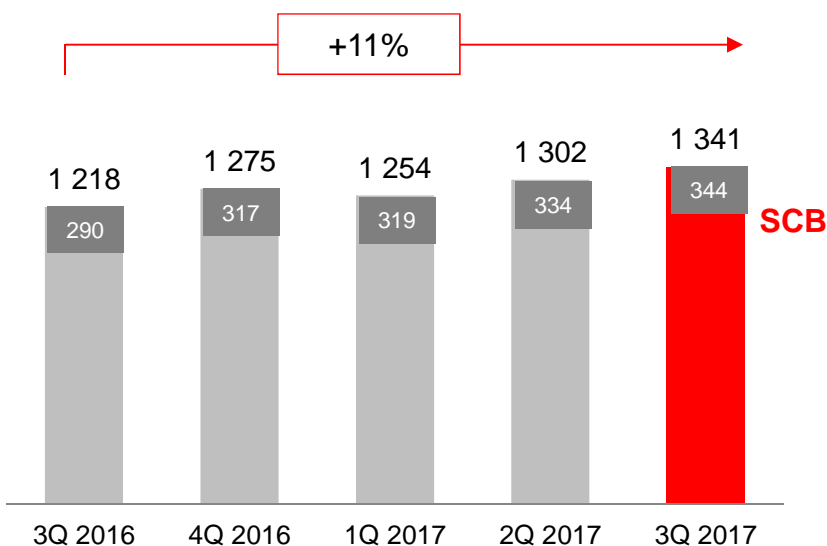
- **BZ WBK Group deposits:**
  - Retail +5% YoY
  - Business +3% YoY
- **Mutual Funds +16% YoY**

# Net Interest Income and Net Interest Margin

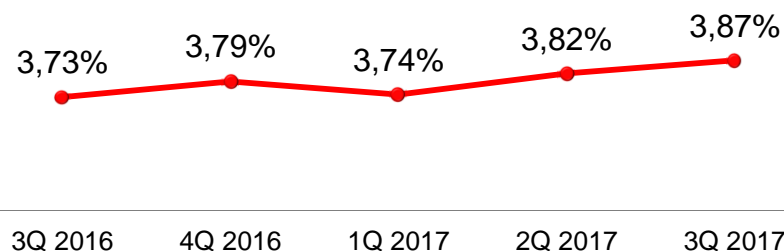
**Net Interest Income +11% YoY**

**Net Interest Income**

PLN million



**Net Interest Margin (%)\***



SCB Group accounted for PLN 997m of NII in 1-3Q 2017 and for PLN 840m in 1-3Q 2016

## Comment

- Net Interest Income +11% YoY / +3% QoQ
- Quarterly NIM higher in 3Q +14bps YoY / +5bps QoQ

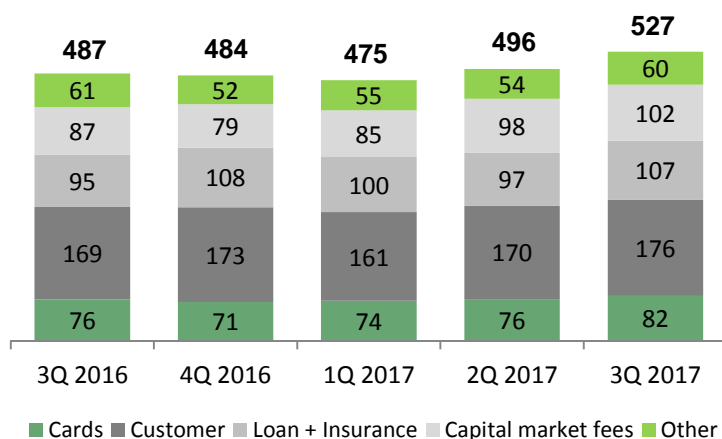
\* Including SWAP income on hedged FX funding.

# Net Fees

## Net Fees +3% YoY and +4% QoQ

### Net Fees

PLN million



### Main items

	1-3Q 2017	1-3Q 2016	YoY (%)	QoQ (%)
Cards	232	209	11%	8%
Customer + Other	507	483	5%	3%
Loan + Insurance	304	336	-9%	11%
Capital market fees*	285	231	24%	4%
Other	169	173	-2%	11%
<b>Total</b>	<b>1 498</b>	<b>1 431</b>	<b>5%</b>	<b>6%</b>

**SCB Group accounted for PLN 103m of net fees in 1-3Q 2017 and for PLN 138m in 1-3Q 2016**

### Comment

- Fee income +5% YoY / +6% QoQ
- Good performance especially in brokerage fees (+41%YoY), asset management (+18% YoY), FX fees (+8% YoY), credit cards (+10% YoY).
- BZ WBK and SCB insurance fees impacted by changes to the regulation of the bancassurance market (from April 2016).
- SCB fee income +54% q/q (from PLN 26m to PLN 40m).

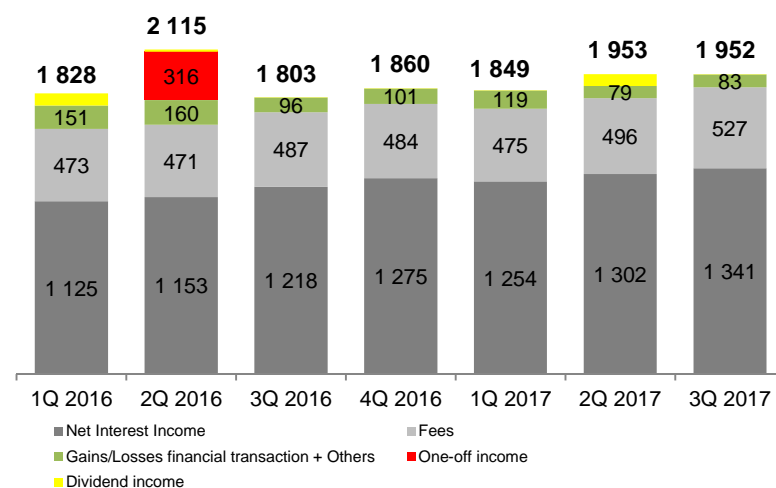
\* Include Investment Fund fees (distribution & management), Brokerage Fees and Issue Arrangement fees.

# Gross Income

**Underlying\* gross income +6% YoY and +4% QoQ**

## Gross income

PLN million



	1-3Q 2017	1H-3Q 2016	YoY (%)	QoQ (%)
Net Interest Income	3 897	3 496	11%	3%
Net Fees	1 498	1 431	5%	6%
<b>Subtotal</b>	<b>5 395</b>	<b>4 926</b>	<b>10%</b>	<b>4%</b>
Gains/losses on financial transactions	180	624	-71%	27%
Net gains/(losses) on subordinated entities	4	0	-	-
Dividends	77	97	-	-
Other operating income	98	99	-1%	-26%
<b>Gross Income</b>	<b>5 753</b>	<b>5 746</b>	<b>0%</b>	<b>0%*</b>

**Underlying\* Gross Income** 5 753 5 430 6%

**SCB Group accounted for PLN 1 117 m of gross income in 1-3Q 2017 and for PLN 963m in 1-3Q 2016**

## Comment

- Gross Underlying Income +6%YoY. Gros Income stable QoQ and excluding dividend income +4% QoQ due to strong core income lines.
- Strong growth in NII +12% YoY and commission income +5% YoY.
- Lower level of gains on financial transactions, (VISA income in 2016 PLN 316m and sales of bonds above PLN 80m in 2016).

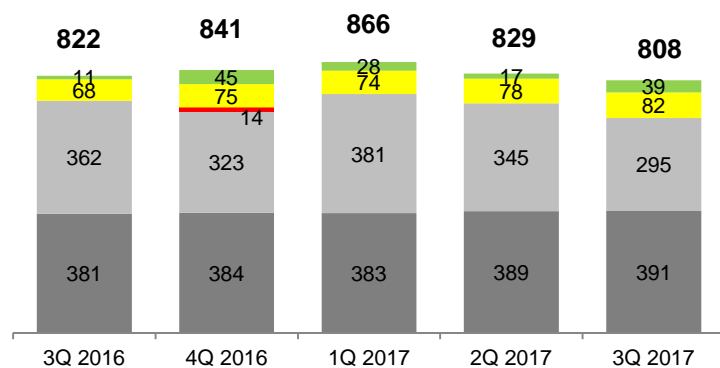
\*Underlying – excluding income from VISA received in 2Q 2016 of PLN 316m. In 2Q 2017 dividend income was 77m.

# Operating Expenses

**Operating expenses under tight control: -1%\* YoY and -3% QoQ**

## Operating expenses

PLN million



■ Staff Costs  
■ One off costs  
■ Other Costs  
■ Administrative Expenses  
■ Amortisation

1-3Q 2017 1-3Q 2016 YoY (%) QoQ (%)

General and administrative expenses	(2 184)	(2 215)	-1%	-7%
<i>Staff costs</i>	(1 163)	(1 126)	3%	0%
<i>Administration costs</i>	(1 021)	(1 089)	-6%	-14%
Depreciation + Other	(318)	(312)	2%	28%
<b>Total expenses</b>	<b>(2 502)</b>	<b>(2 527)</b>	<b>-1%</b>	<b>-3%</b>

**SCB Group accounted for PLN 259m of operating costs in 1H 2017 and for PLN 237 m in 1H 2016**

## Comment

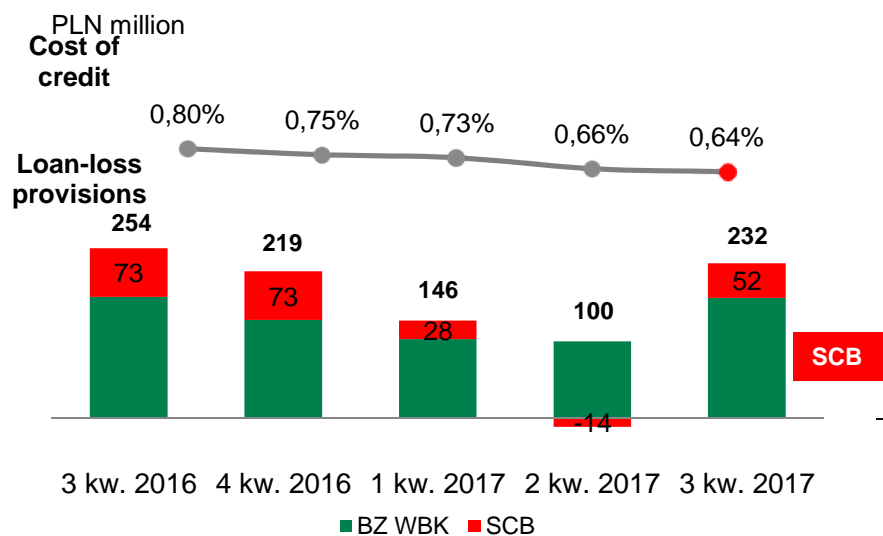
- Total expenses -1% YoY and -3% QoQ,
- Staff costs +3% YoY administration costs -6% YoY.
- Depreciation +16% affected by IT investments (new IT systems). Decrease in rental costs (-8% YoY), lower marketing costs (-19% YoY) and spending related to external services (-15% YoY).
- C/I 43.5% (44.0% in 1-3Q 2016).



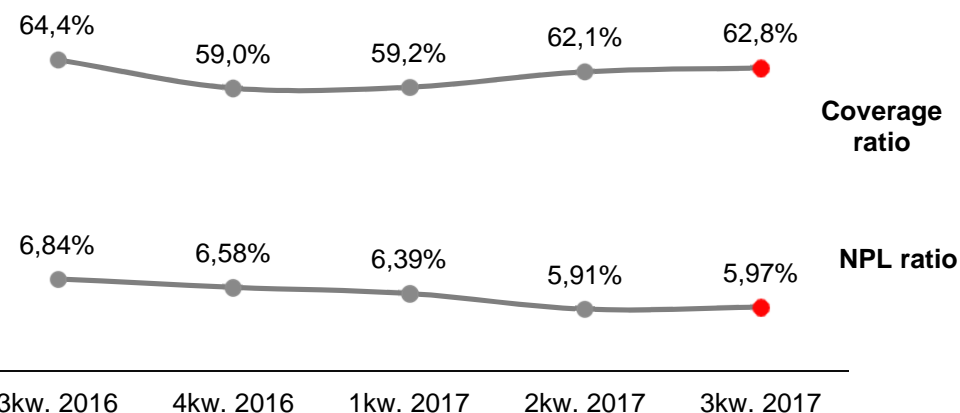
# Loan-loss provisions (LLPs) and Credit Quality

## Lower Cost of Credit YoY and NPL Ratio YoY

### LLPs and Cost of credit



### NPL and Coverage ratio



**SCB Group accounted for PLN -66m of loan-loss provisions in 1-3Q 2017 and for PLN -107m in 1-3Q 2016**

### Comment

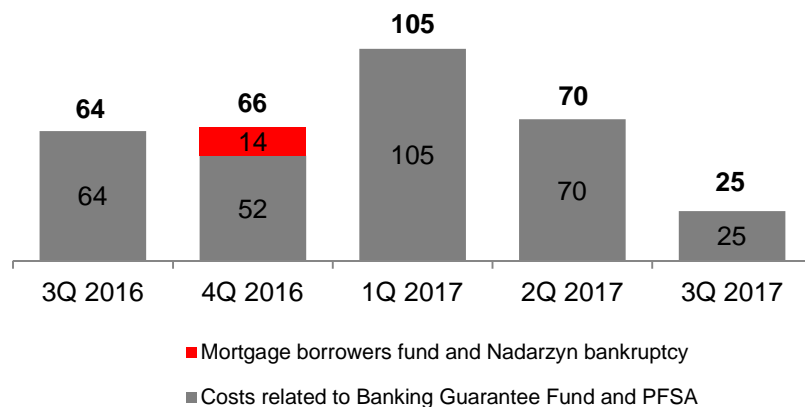
- The portfolio is performing well and within expectations.
- Lower NPL ratio by 87bp YoY.
- Lower cost of credit risk under influence of NPL sale.

# Bank Tax, Regulatory Costs and NPL Sales

## Banking Tax

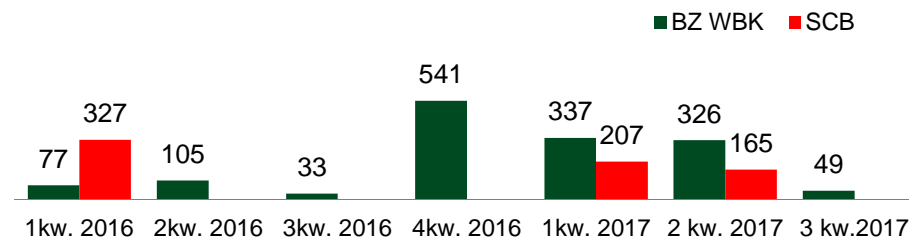
Pursuant to the Act on tax imposed on certain financial institutions, bank assets are subject to tax of 0.0366% per month, effective from 1 February 2016. In 1-3Q 2017, the total tax charged to BZ WBK and SCB in this respect was PLN 317m (PLN 290m and PLN 27m respectively).

## Costs related to BGF and PFSA

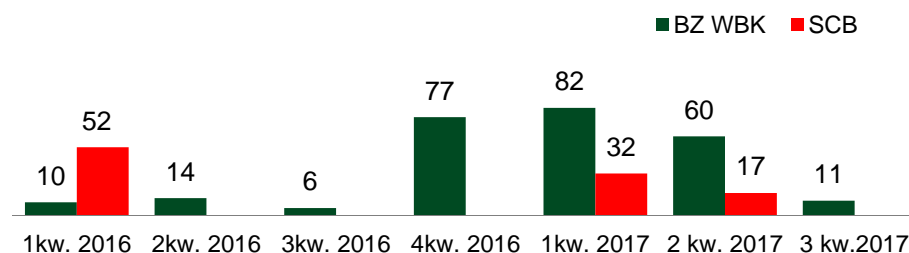


## NPL Sales

- **BZ WBK** 1-3Q 2017 NPL sales of PLN 711m, PBT gain in 1-3Q 2017 of PLN 154m
- **SCB** 1-3Q 2017 NPL sales of PLN 372m, PBT gain in 1-3Q 2017 of PLN 49m.



## P&L impact (PBT) of sale of NPL



# 1H'17: Good commercial results. Profit under regulatory pressure.

**Underlying\* PBT +19% YoY and underlying\* attributable profit +15% YoY**

<i>PLN million</i>	1-3Q 2017	1-3Q 2016	1-3Q 2016%	Underlying 1-3Q 2016 %
NII + Fee income	5 395	4 926	10%	10%
Gross income	5 792	5 782	0%	6%
Operating expenses	-2 502	-2 527	-1%	-1%
Net operating income	3 290	3 255	1%	12%
Loan-loss provisions	-478	-565	-16%	-16%
Tax on financial institutions	-317	-278	14%	14%
<b>PBT</b>	<b>2 495</b>	<b>2 411</b>	<b>3%</b>	<b>19%</b>
Tax	-601	-536	12%	12%
<b>Attributable profit</b>	<b>1 664</b>	<b>1 706</b>	<b>-2%</b>	<b>15%</b>
Effective tax rate	24.1%	22.2%		

**Significant growth in net interest and commission income.**

**Strong focus on efficiency**

**Improved credit quality and lower cost of credit**

**Solid profit in very demanding conditions, focusing on generating shareholder value**

**Increase of effective tax rate (among others regulatory changes impact)**

# Conclusions

## Market Environment & Financial System

- GDP growth accelerated to around 4.0% in 1H17 and in the second year-half it may be even above the 4% mark. Private consumption remains the main growth driver, but a rebound in investment is also expected in the coming quarters.
- CPI inflation rose to 2.2% y/y in September. Inflation may drop temporarily below 2% in December due to high base effect, but it is expected to rise gradually in 2018 towards the 2.5% target.
- Main interest rates remained flat at 1.5% and this level is expected until 4Q 2018.
- Loans increased by ca.5% y/y in September 2017, similar to the last few quarters. Gradual acceleration of loan growth is expected in the coming quarters.

## Strategy & Business

- The strategy for years 2017-2019 is focused on the bank's transformation, in particular: commercial transformation, digital transformation, CRM content management and centralised data management. Most importantly, the new strategy is a continuation of the previous course of action, based on the same values and behaviours.
- Strategy promotes customer-centric culture in business management, excellent customer service and product range, operational effectiveness, simple, clear and innovative solutions, and corporate culture that reinforces employees' engagement and motivation.

## Results

- Increase in core income (interest income and fee income ) +10% YoY
  - Active management of interest Income +11% YoY.
  - Fee income +5% YoY and +6% QoQ
- Total expenses -1% YoY as a result of strict cost control and optimisation.
- Underlying\* attributable profit up 15% y/y.

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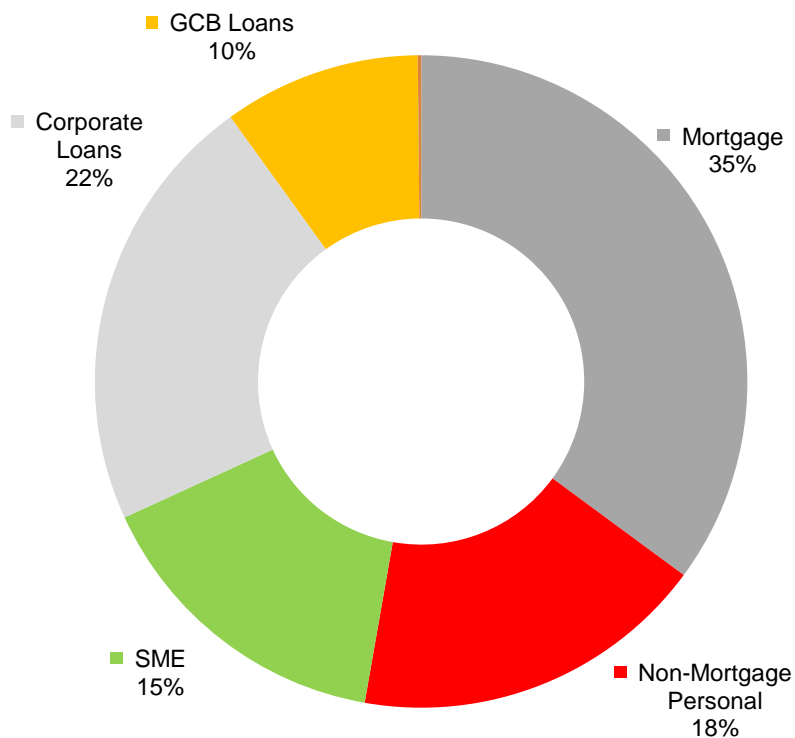
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- BZ WBK Group Strategy and business
- Macroeconomic environment
- BZ WBK Group Results

- **Appendix**

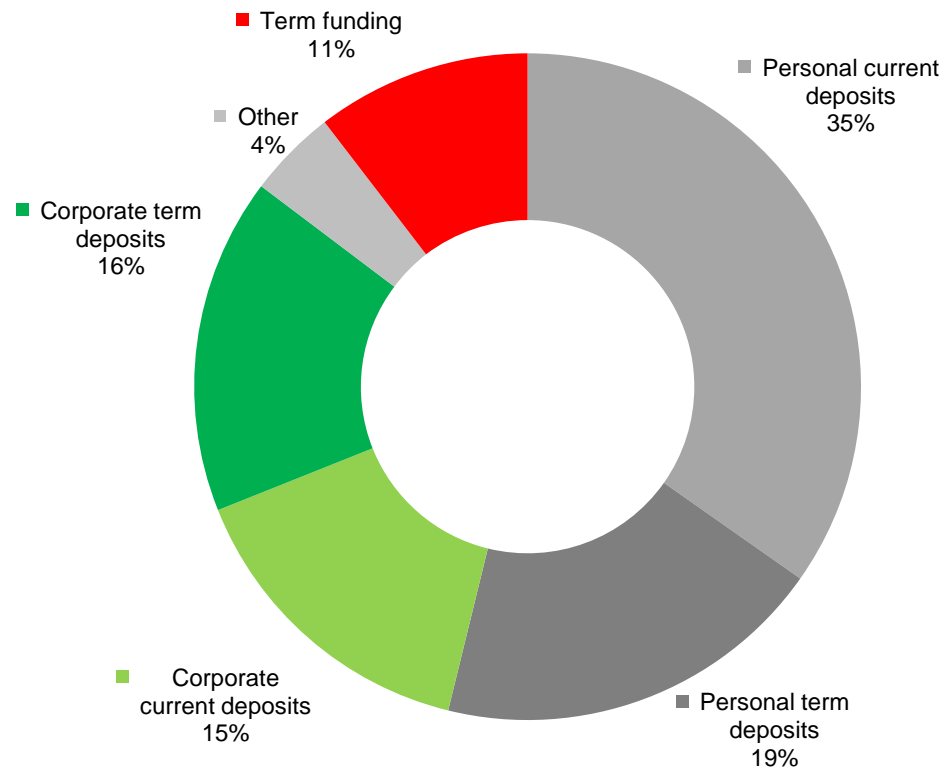
# Structure of Loans and Deposits / Term Funding

Gross loans as of 30 September 2017



Total 110 bn PLN

Deposits & term funding\* as of 30 September 2017



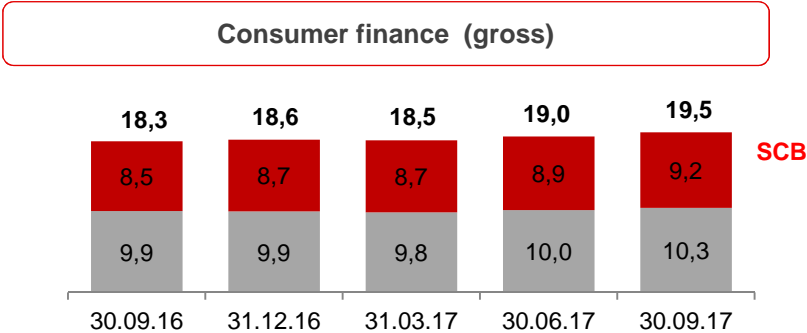
Total 120 bn PLN

Percentages represent the structure as at 31<sup>st</sup> September 2017.

\* Excluding interbank deposits

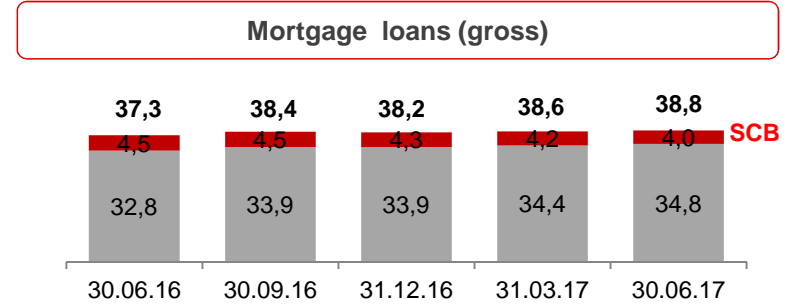
# Loans to Individuals and SME

## Consumer Finance



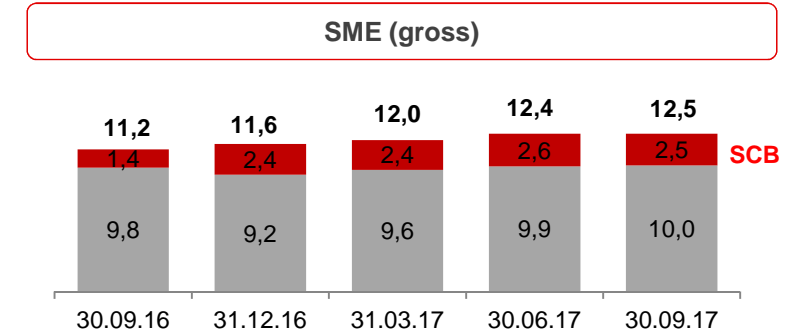
BZ WBK Consumer Finance +4% YoY  
 SCB Consumer Finance +5% YoY

## Mortgage loans



BZ WBK PLN Mortgages +17% YoY  
 BZ WBK CHF Mortgages -7% YoY\*  
 Closed SCB Mortgage Book  
 CHF Mortgages -8% YoY\*

## SME loans

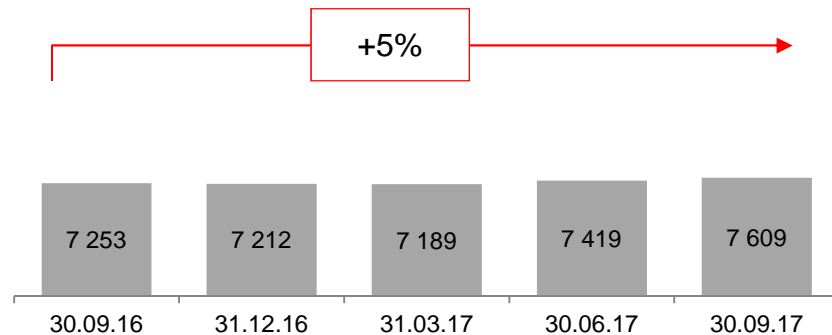


SME portfolio +2% YoY (excl. SCB)  
 SME new sales +4% YoY.  
 SME loyal customers +11% YoY

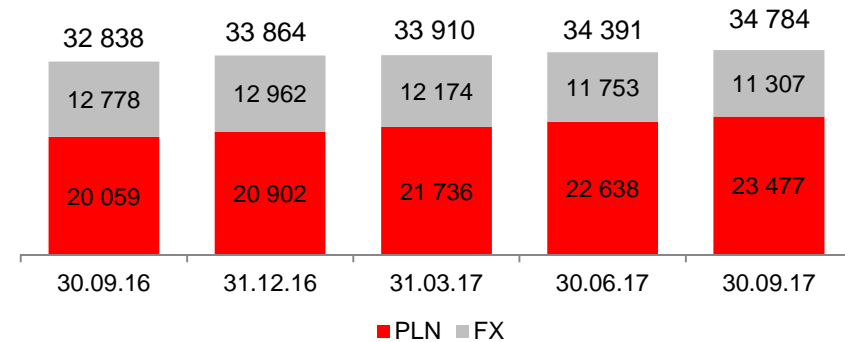
# Personal Lending (excluding SCB)

## Cash Loans (gross)

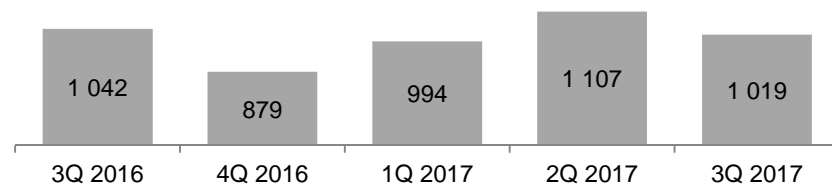
PLN m



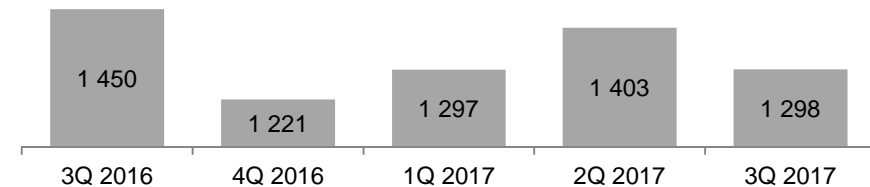
## Mortgage Loans (gross)



## Cash Loan Sales



## Mortgage Loan Sales (by disbursement)



## Comment

- Cash loan portfolio +5% YoY, +3% QoQ
- Cash loan sales +1%

## Comment

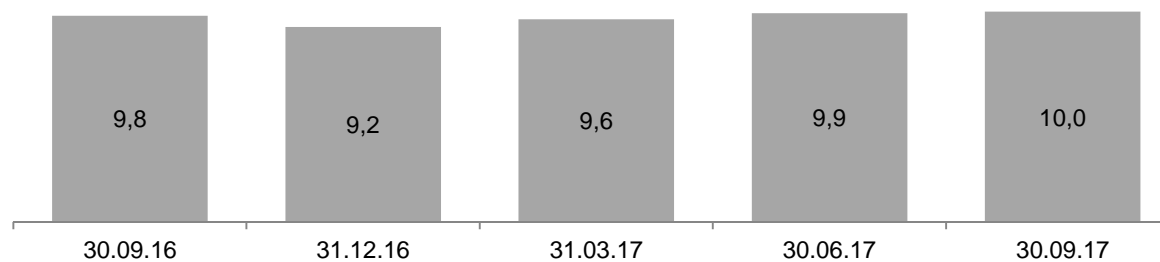
- PLN mortgage portfolio +17% YoY
- CHF mortgage portfolio -7% YoY (ca. CHF 182m)
- Market share gain\*: 13% of sales (May2017)



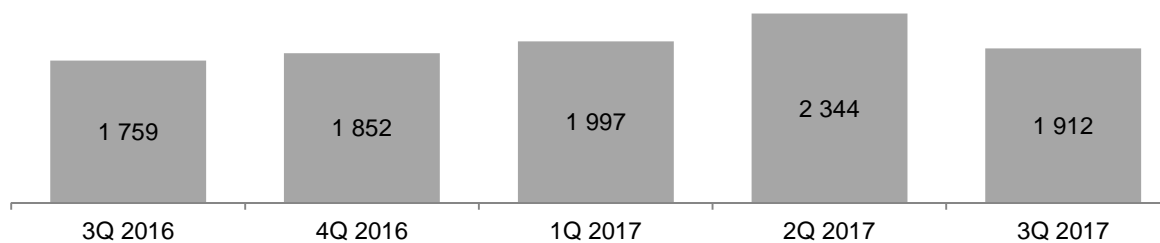
# SME (excluding SCB)

## SME Loans (gross)

PLN m



## SME Loan Sales (by disbursement)



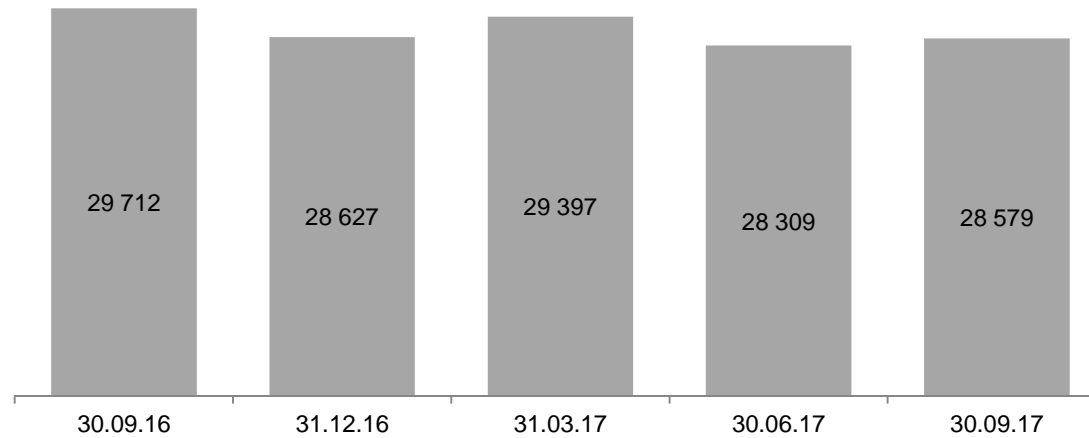
## Comment

- SME portfolio (excl. SCB) +2% YoY and +1% QoQ.
- SME sales +4% QoQ and 3Q2017/3Q2016 +9% YoY.
- SME loyal customers +11% YoY.

# Corporate & GCB

## Corporate, GCB, Property Loans (gross)

PLN m



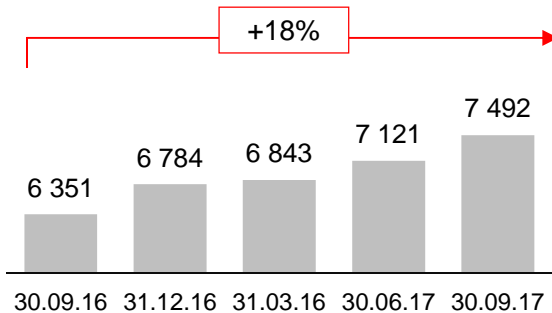
## Comment

- GCB, Property and Corporate gross loan portfolio stable YoY and +1% QoQ
- Corporate loans +3% YoY and +3% QoQ.
- Property loans (PLN 6.3bn) -16% YoY and -5% QoQ

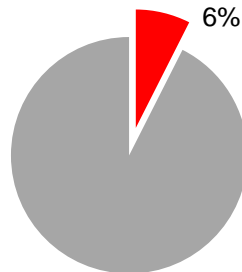
# Leasing & Factoring (excluding SCB)

## Leasing – 5th\* position on the market

### Leasing Portfolio (PLNm)



### Market Share\* (%)

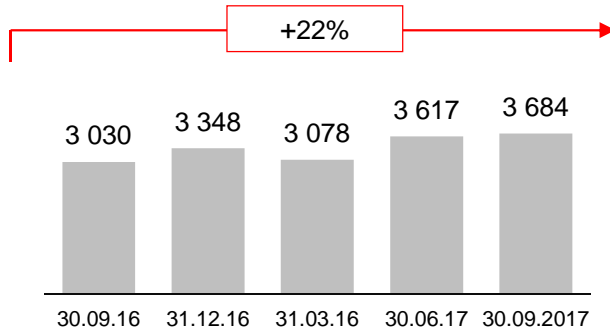


### Comment

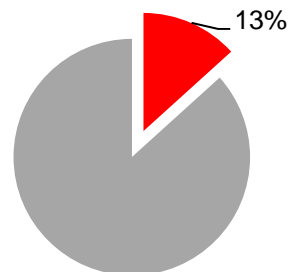
- Leasing portfolio PLN 7.5bn, i.e. +18% YoY
- Leader in financing machinery and equipment\*, 12% market share
- Growth of amount of active clients +14% r/r
- Income growth +20% YoY
- Excellent C/I indicator quality – beyond 37%

## Factoring – 2nd position on the market\*

### Portfolio (PLNm)



### Market Share (%)

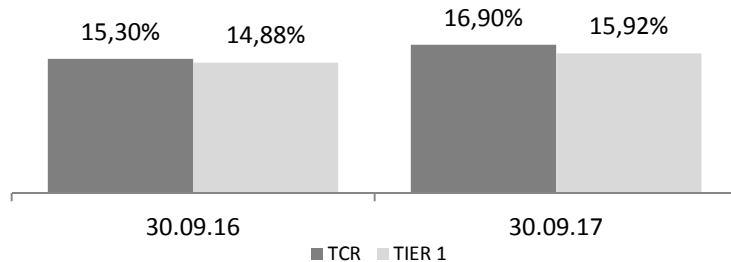


### Comment

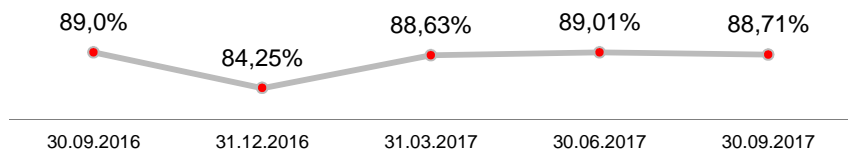
- Portfolio +22% YoY
- Turnover +24% YoY
- Factoring – 2nd position on the market; with 13% market share
- Sales in the end of 3Q 2017 of PLN 2,088m.

# Capital Position & Liquidity

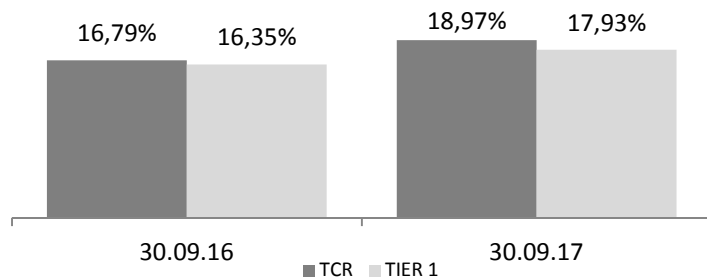
**BZ WBK Group Capital Ratio**



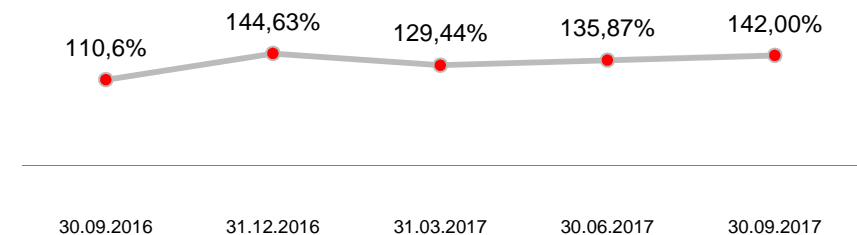
**BZ WBK Group (excl. SCB) Loan to Deposits Ratio (L/D)**



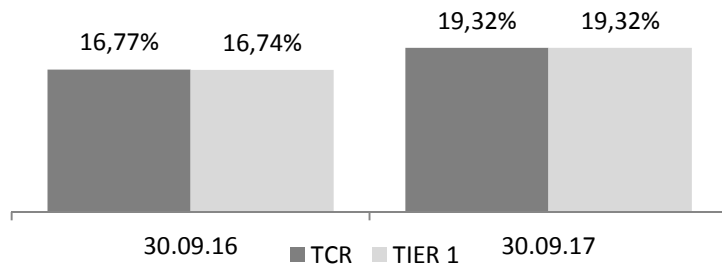
**BZ WBK Bank Capital Ratio**



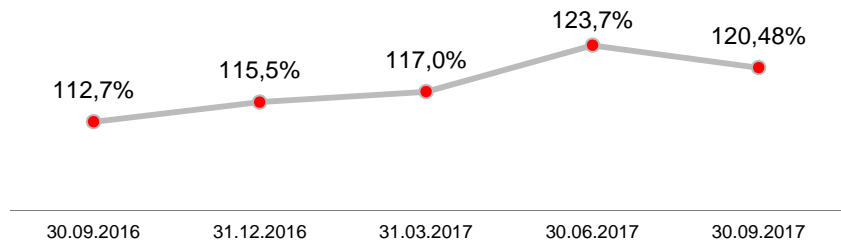
**BZ WBK Liquidity Coverage Ratio (LCR)**



**SCB Capital Ratio**



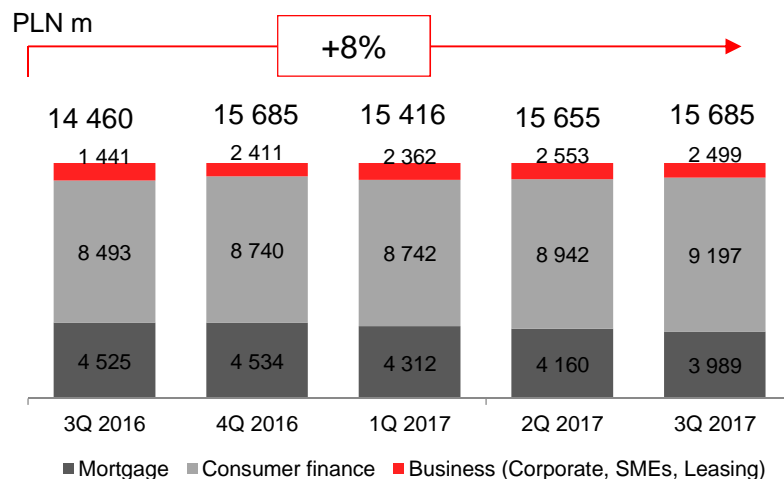
**BZ WBK Net Stable Funding Ratio (NSFR)**



# Santander Consumer Group - Loan Performance

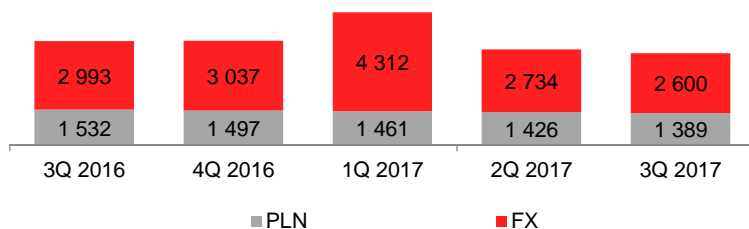
## Gross Loans +8% YoY

### Total gross loans



	Sep'17	Sep'16	YoY (%)	QoQ (%)
<b>Individuals</b>	<b>13 186</b>	<b>13 019</b>	<b>1,3%</b>	<b>0,6%</b>
Mortgage	3 989	4 525	-11,9%	-4,1%
Consumer finance	9 197	8 493	+8,3%	2,9%
<b>Business</b>	<b>2 499</b>	<b>1 441</b>	<b>73,4%</b>	<b>-2,1%</b>
<b>Total gross loans</b>	<b>15 685</b>	<b>14 460</b>	<b>8,5%</b>	<b>0,2%</b>

### Gross mortgage portfolio



### Comment

- **Total gross loans: +8% YoY:**
  - Mortgage portfolio -12% YoY
  - CHF mortgage loans -8% YoY (ca. CHF 60m)
  - Consumer loans +8% YoY
  - Business loans +73% YoY due to inclusion of PSA Finance Polska S.A.\*

# Santander Consumer Group

## Key Financial Results 1-3Q 2017

<i>PLN m</i>	1-3Q 2016	1-3Q 2017
Assets	16 684	18 115
Net Loans	12 847	14 032
Deposits	7 850	8 000
Total equity	2 664	3 170
Net profit	348	483
L/D (%)	163.6%	175.4%
C/I (%)*	41.8%	37.3%
ROE (%)	17.1%	21.3%
ROA (%)	2.8%	3.6%
TCR (%)**	16.8%	19.3%

# BZ WBK Group Profit & Loss Account

for the period ( in PLN k):	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017
Interest income	1 461 977	1 479 026	1 527 630	1 592 287	1 559 802	1 620 968	1 663 808
Interest expense	(337 311)	(326 500)	(309 250)	(317 487)	(305 806)	(318 481)	(322 842)
<b>Net interest income</b>	<b>1 124 666</b>	<b>1 152 526</b>	<b>1 218 380</b>	<b>1 274 800</b>	<b>1 253 996</b>	<b>1 302 487</b>	<b>1 340 966</b>
Fee and commission income	577 347	575 852	613 910	621 355	589 294	633 536	667 457
Fee and commission expense	(104 619)	(105 020)	(126 687)	(137 418)	(114 101)	(137 894)	(140 552)
<b>Net fee and commission income</b>	<b>472 728</b>	<b>470 832</b>	<b>487 223</b>	<b>483 937</b>	<b>475 193</b>	<b>495 642</b>	<b>526 905</b>
Dividend income	79 569	15 225	1 730	58	345	75 579	712
Net trading income and revaluation	82 793	90 066	56 023	51 938	55 858	36 228	55 567
Gains (losses) from other financial securities	38 986	348 678	7 449	7 661	17 177	10 770	3 962
Net gains/(losses) on subordinated entities	100	-	-	-	3 757	-	-
Other operating income	29 121	37 606	32 181	41 856	42 340	32 204	23 671
Impairment losses on loans and advances	(134 144)	(176 989)	(254 119)	(219 338)	(145 512)	(100 366)	(231 653)
Operating expenses incl.:	(864 653)	(840 633)	(822 124)	(840 311)	(865 972)	(828 582)	(807 694)
<i>Bank's staff, operating expenses and management costs</i>	<i>(739 825)</i>	<i>(732 887)</i>	<i>(742 316)</i>	<i>(720 201)</i>	<i>(763 710)</i>	<i>(734 087)</i>	<i>(686 366)</i>
<i>Depreciation/amortisation</i>	<i>(65 313)</i>	<i>(68 847)</i>	<i>(68 350)</i>	<i>(74 710)</i>	<i>(74 269)</i>	<i>(77 840)</i>	<i>(82 167)</i>
<i>Other operating expenses</i>	<i>(59 515)</i>	<i>(38 899)</i>	<i>(11 458)</i>	<i>(45 400)</i>	<i>(27 993)</i>	<i>(16 655)</i>	<i>(39 161)</i>
<b>Operating profit</b>	<b>829 166</b>	<b>1 097 311</b>	<b>726 743</b>	<b>800 601</b>	<b>837 182</b>	<b>1 023 962</b>	<b>912 436</b>
Share in net profits (loss) of entities accounted for by the equity method	7 638	13 058	15 443	19 300	8 655	15 157	14 734
Tax on financial institutions	(67 579)	(105 665)	(105 097)	(108 865)	(105 809)	(105 123)	(105 892)
<b>Profit before tax</b>	<b>769 225</b>	<b>1 004 704</b>	<b>637 089</b>	<b>711 036</b>	<b>740 028</b>	<b>933 996</b>	<b>821 278</b>
Corporate income tax	(147 823)	(231 378)	(156 985)	(201 776)	(212 812)	(199 737)	(188 610)
<b>Consolidated profit for the period</b>	<b>621 402</b>	<b>773 326</b>	<b>480 104</b>	<b>509 260</b>	<b>527 216</b>	<b>734 259</b>	<b>632 668</b>
of which:							
attributable to owners of BZ WBK S.A.	556 473	723 492	425 933	460 949	453 044	651 111	559 908
attributable to non-controlling interests	64 929	49 834	54 171	48 311	74 172	83 148	72 760

# BZ WBK Group Balance Sheet

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017
<b>ASSETS</b>							
Cash and balances with central banks	2 064 088	3 139 261	3 259 318	4 775 660	4 150 507	4 112 997	5 117 186
Loans and advances to banks	2 758 247	4 593 417	2 836 355	3 513 278	2 618 114	1 870 753	2 179 043
Financial assets held for trading & hedging	4 141 910	5 018 522	3 375 699	3 248 630	2 660 852	5 715 915	2 474 945
Loans and advances to customers	97 467 955	100 480 379	101 154 367	103 068 538	104 018 178	105 053 727	106 475 429
Buy-sell-back transactions	94 883	34 925	-	-	189 656	8 248	-
Financial assets available for sale	25 529 462	22 956 613	25 479 557	29 307 878	26 500 766	26 735 273	27 586 847
Investments in associates and joint ventures	838 780	841 011	856 454	871 491	880 163	853 327	868 482
Intangible assets	444 700	431 833	433 359	486 762	452 759	436 761	430 607
Goodwill	1 688 516	1 688 516	1 688 516	1 688 516	1 688 516	1 688 516	1 712 056
Property, plant & equipment	811 052	804 667	813 694	878 298	858 934	858 046	857 240
Current income tax assets	2 979	-	-	-	24 228	-	-
Net deferred tax assets	1 223 576	1 430 536	1 412 828	1 534 322	1 383 737	1 425 284	1 430 858
Assets classified as held for sale	704	648	782	629	637	608	733
Investment property	-	-	-	-	-	-	-
Other assets	718 983	828 490	727 990	725 714	951 248	1 007 263	1 290 942
<b>Total assets</b>	<b>137 785 835</b>	<b>142 248 818</b>	<b>142 038 919</b>	<b>150 099 716</b>	<b>146 378 295</b>	<b>149 766 718</b>	<b>150 424 368</b>
<b>LIABILITIES</b>							
Deposits from banks	2 280 822	2 403 002	1 574 087	2 561 281	2 635 608	2 591 607	2 730 481
Financial liabilities held for trading & hedging	4 056 696	4 869 426	4 041 084	3 832 404	3 127 371	2 696 300	2 479 711
Deposits from customers	102 198 247	105 757 908	106 650 707	112 522 457	108 452 441	109 111 159	111 022 779
Sell-buy-back transactions	990 276	1 786 499	1 238 351	1 632 613	1 529 209	4 168 296	1 861 557
Debt securities in issue	4 348 075	4 378 949	5 234 569	5 529 187	5 384 435	5 961 983	5 895 475
Subordinated liabilities	527 838	542 725	529 976	440 457	931 147	929 221	951 054
Current income tax liabilities	-	199 195	83 485	84 151	-	87 089	143 726
Provisions	143 562	123 483	120 124	130 128	134 224	138 787	160 755
Other liabilities	1 946 548	1 908 317	1 792 569	2 348 562	2 492 471	2 181 770	2 522 888
<b>Total liabilities</b>	<b>116 492 064</b>	<b>121 969 504</b>	<b>121 264 952</b>	<b>129 081 240</b>	<b>124 686 906</b>	<b>127 866 212</b>	<b>127 768 426</b>
<b>Equity</b>							
Equity attributable to owners of BZ WBK S.A.	20 072 679	19 217 715	19 658 004	19 780 827	20 358 513	20 615 108	21 294 117
Share capital	992 345	992 345	992 345	992 345	992 345	992 345	993 335
Other reserve funds	14 705 263	15 783 745	15 787 457	15 791 555	15 799 143	16 916 409	16 920 093
Revaluation reserve	896 642	604 220	614 864	276 093	392 443	531 471	645 109
Retained earnings	2 921 956	557 440	557 440	553 987	2 721 538	1 070 728	1 071 517
Profit of the current period	556 473	1 279 965	1 705 898	2 166 847	453 044	1 104 155	1 664 063
<b>Non-controlling interest in equity</b>	<b>1 221 092</b>	<b>1 061 599</b>	<b>1 115 963</b>	<b>1 237 649</b>	<b>1 332 876</b>	<b>1 285 398</b>	<b>1 361 825</b>
<b>Total equity</b>	<b>21 293 771</b>	<b>20 279 314</b>	<b>20 773 967</b>	<b>21 018 476</b>	<b>21 691 389</b>	<b>21 900 506</b>	<b>22 655 942</b>
<b>Total equity and liabilities</b>	<b>137 785 835</b>	<b>142 248 818</b>	<b>142 038 919</b>	<b>150 099 716</b>	<b>146 378 295</b>	<b>149 766 718</b>	<b>150 424 368</b>





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