

Bank Zachodni WBK S.A.

Excellent performance, with strong underlying growth

1st HY 2004 Review

Warszawa, 27 July 2004

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AGENDA

Macroeconomic overview

Business overview

Financial overview

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Macroeconomic overview

— President of the Management Board Jacek Kseń

Business overview

Financial overview

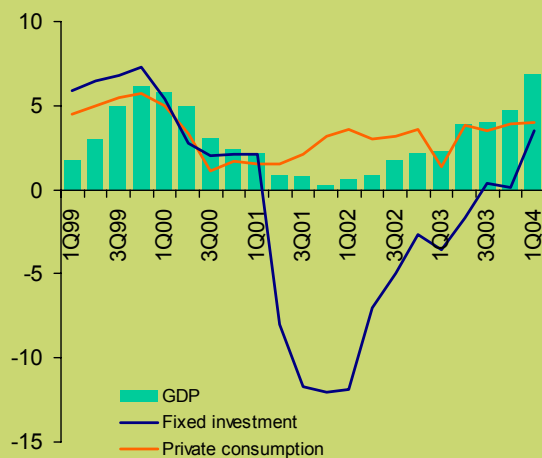
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3

The economy has gained momentum...

GDP and its main components, %YoY



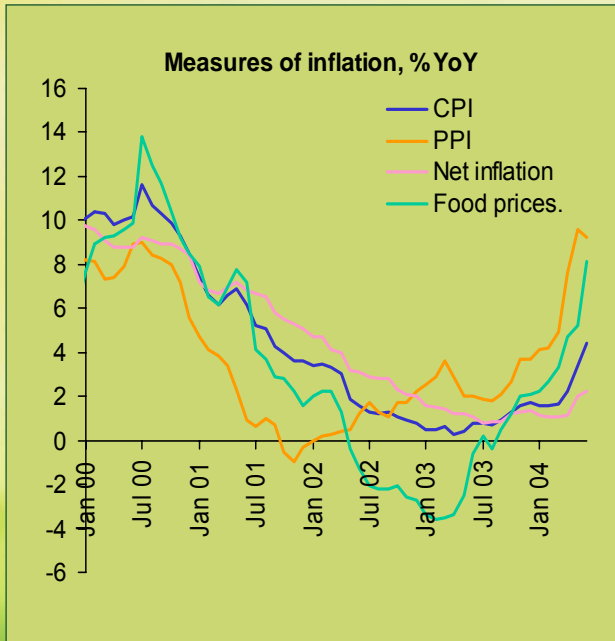
- GDP growth in Q1 2004 at the highest level since 1997 – 6.9%YoY
- ... to large extent due to sharp increase in inventories
- However, investments picked up as well (3.5%YoY), and consumption growth remained at stable level of 4%
- GDP growth in Q2 and in the whole 2004 should be very close to 6%

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4

...but Inflation getting higher...



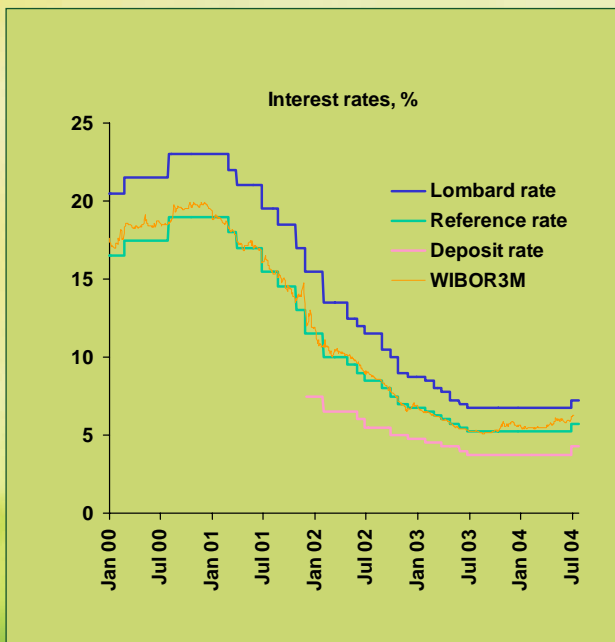
- Surprisingly strong inflation rebound after EU entry
- High prices of food, fuels, energy, and household maintenance among the main inflation drivers
- Producer prices also surged to very high levels
- Inflation could remain above the central bank's target even until the middle of 2005

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...and Monetary Policy Council raising rates!



- Main interest rates up in June more than expected
- Rate hike aimed mostly at curbing inflation expectations
- More interest rate hikes are likely in the near future
- ... because the CPI is expected to remain above the inflation target for a number of months

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6

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7

IH 2004 Key Features

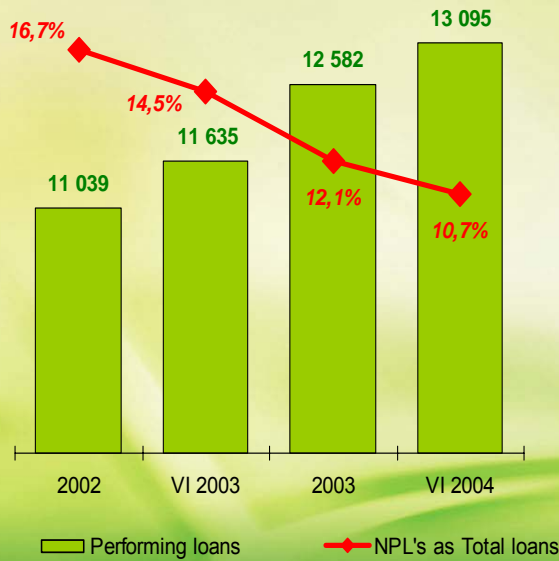
- **Excellent results achieved due to high growth in income coupled with reducing cost base.**
- **Loan growth with improved loan book quality**
- **Increase in deposits and dynamic increase in mutual funds**
- **Good results and market position of subsidiaries**
 - **Dynamic development of leasing subsidiaries**
 - **Dom Maklerski – significant share in equity and futures turnover on the capital market**
 - **Asset Management**
 - **TFI**
- **2003 cost rationalisation programme completed**
- **Higher income from capital investments: CU dividend, CardPoint sale**
- **Lower tax (CIT) rate**

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Performing Loans PLN 13.1bn



- Increase of the Performing loan portfolio in comparison to June 2003 – 12.5%

■ Mortgage loans	30%
■ Credit cards	23%
■ Leasing	50%

- The ratio of NPL's to Total Loans decreased from 14.5% in June 2003 to 10.7% in the end of June 2004

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Mortgage loans PLN 1.9bn



- Mortgage loans portfolio increased by 30% in comparison to the balance in the end of June 2003

- BZWBK is the market leader in PLN mortgages pricing

- Good quality of the mortgage loans portfolio

- Reducing exposure on FX mortgages

- Conservative policy of granting loans

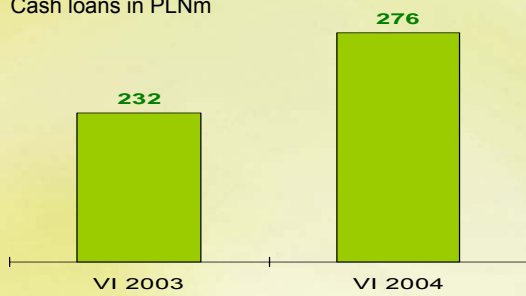
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10

Cash loans and credit cards

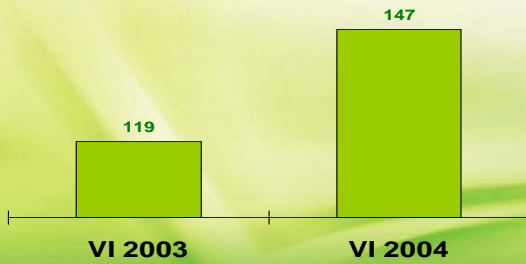
Cash loans in PLNm



Cash loans

- The portfolio increased by 19% YoY driven by enhanced product offerings
- In 2004 BZWBK increased the flexibility in granting cash loans
- New product „Cash right now/Gotówka od zaraz” – in 24h

Number of cards in k



Credit cards

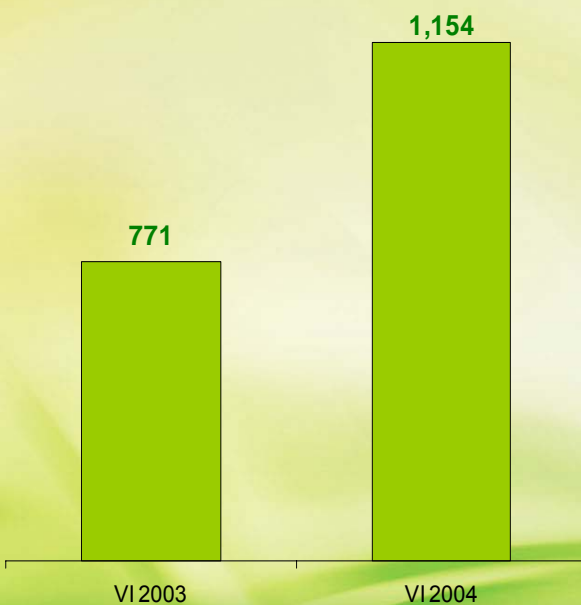
- Number of cards issued increased by 23% in comparison to VI 2003
- Card issuing time reduced to 7 days
- Change of the settlement currency for VISA cards from US dollar to euro – more attractive in Euro zone
- Migration to chip technology planned in IIIQ 2004

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11

Leasing



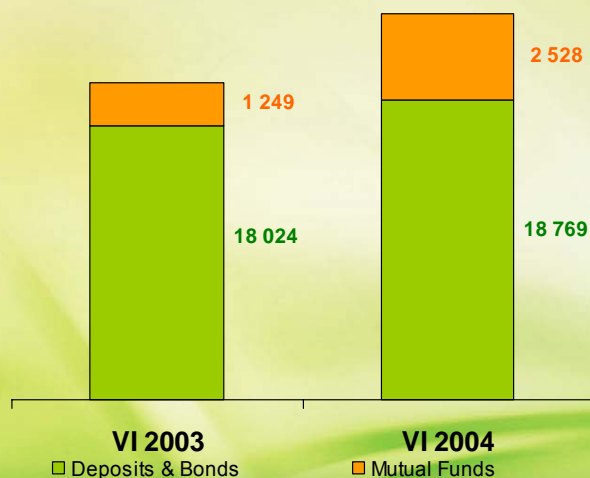
- Leasing performing portfolio increased by 50% comparing to the end of June 2003
- Strong growth in the market share to 7.9% (IQ 2004) from 6.9% in the end of June 2003
- 3rd position on the market:
 - Net value of leased assets
 - Car leasing
- For car leasing – decision in 24h

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Customers' funds PLN 21bn



- Customer's funds entrusted BZWBK Group (incl. new Property Fund) increased by 11% comparing to the end of June 2003.
- Total deposits comparing to the end of June 2003 increased by 4%
 - Current deposits + 6%
 - Term Deposits +2%
 - Savings and leasing bonds + 46%
- Mutual Funds increased by 102%

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13

Mutual funds

- Arka and the rest of the world -

Rynek kapitałowy Wyniki funduszy inwestycyjnych

Arka akcji i reszta świata

Arka akcji, fundusz zarządzany BZ WBK AIB TFI, w ostatnich 12 miesiącach przyniósł inwestorom aż 91 proc. zysku. Wynik funduszu był o blisko połowę lepszy niż zmiana wartości benchmarku. Wśród funduszy zrównoważonych stawkę za ostatnie cztery kwartały także otwiera fundusz zarządzany przez BZ WBK AIB TFI.

Warto zwrócić uwagę na wyniki funduszy inwestujących za granicą. Z naszych wyliczeń wynika, że fundusze – europejski i amerykański – zarządzane przez CA IB osiągały w ostatnich 12 miesiącach zdecydowanie słabsze zyski niż należące do DWS (europejskich akcji) i Pioniera (akcji amerykańskich). Za to fundusz zmiennego zaangażowania CA

Arki już tak nie błyszczą. Tu w czołowie są – tak jak w poprzednich okresach – fundusze zarządzane przez stowarzysstwa funduszy inwestycyjnych Skarbiec, Union Investment, ING i PZU. Można zauważyć zsuwanie się w dół funduszy zarządzanych przez PRO/CS TFI.

W trzyletnich wynikach zwraca uwagę to, że tylko niewielkie fundu-

Stopa zwrotu do czerwca 2004			
Fundusz	6M	12M	24M
Arka Akcji FIO	24,0%	72,0%	81,0%
Arka Zrównoważony FIO	15,0%	37,0%	46,0%
Arka Stabilnego Wzrostu FIO	5,0%	14,0%	25,0%
Arka Ochrony Kapitału	2,2%	3,9%	10,5%

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14

Mutual funds



*With ARKA BZWBK Fundusz Rynku Nieruchomości

- Increase in market share from 3.97% in the end of VI 2003 to 7.17% in the end of VI 2004
- 5th position on the market
- TFI BZ WBK AIB – the best TFI according to „Rzeczpospolita”
- The first on the market: ARKA BZWBK Fundusz Rynku Nieruchomości - PLN 339.5m
 - Individual customers – 43.5%
 - Institutional customers – 56.5%
- ARKA Funds: Balanced FIO i Arka Shares FIO are among the first ten of all funds according to increase of managed assets

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Investment banking

- Dom Maklerski – the share in the capital market turnover – key areas:
 - Equities: 10.6% (8.3% in 2003); 3 position on the market (5th in 2003),
 - Futures: 10.5% (11.9% in 2003); 3 position on the market (2nd in 2003).
- Successful transactions:
 - PBG S.A. IPO listing
 - 10 next projects on the IPO market in preparation
- DM BZWBK is the leader among brokerage houses in the internet services, with market share of 22.4%. The number of internet accounts in the end of June 2004 increased by 40%.

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IH 2004 results

Gross profit

2003

159.9 m

2004

302.9m

+ 89%

Net profit

2003

109.5m

2004

251.6m

+ 130%



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17

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Head of Finance James Murphy



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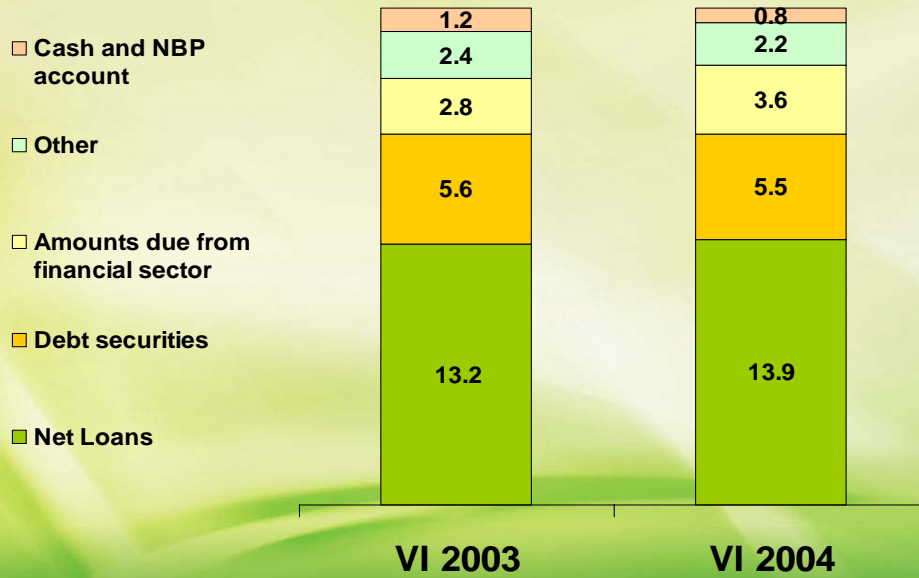
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18

Balance sheet - Assets

Total Assets PLN 26.1 bn increased by 4% YoY



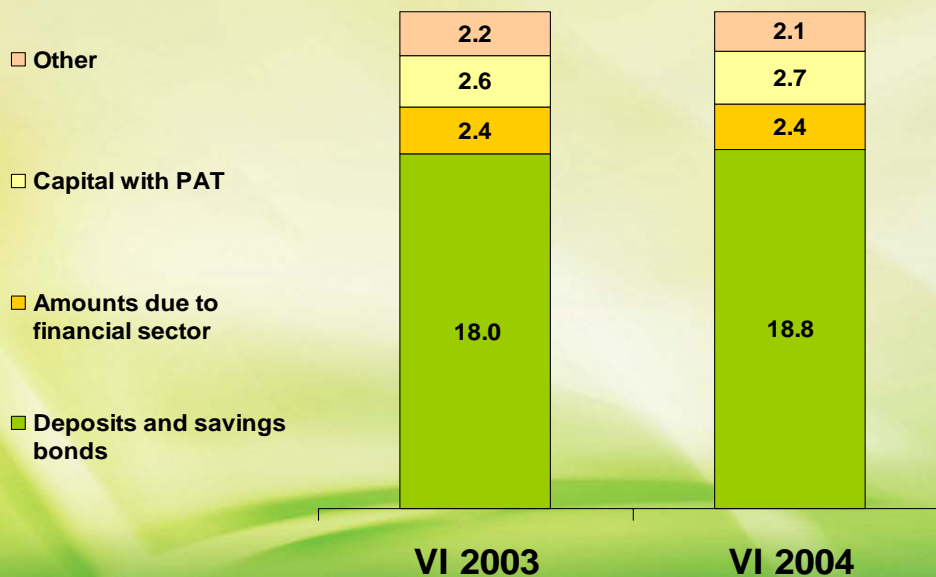
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19

Balance sheet - Liabilities

Total Liabilities PLN 26.1 bn increased by 4% YoY



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20

Profit & Loss Statement

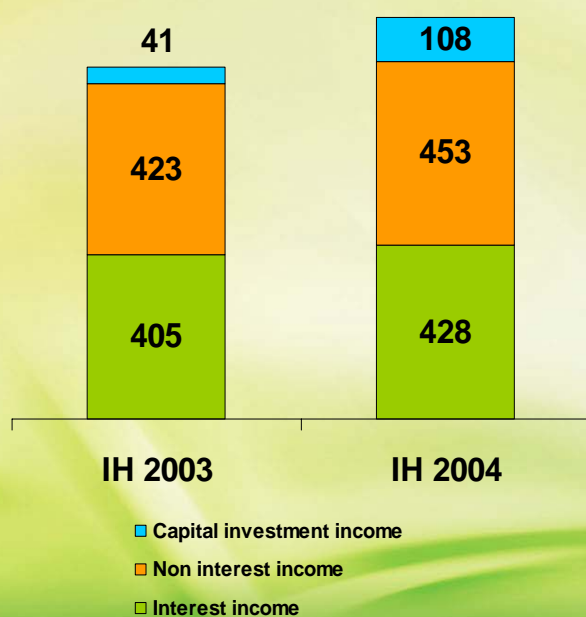
PLN m	1HY 2004	1HY 2003	Growth HY'04/HY'03
Total Income	989	869	+14%
Total Costs	592	641	-8%
Operating Surplus	397	228	+74%
Provisions	-96	-69	+39%
PBT	303	160	+89%

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21

Total Income PLN 989m +14% YoY



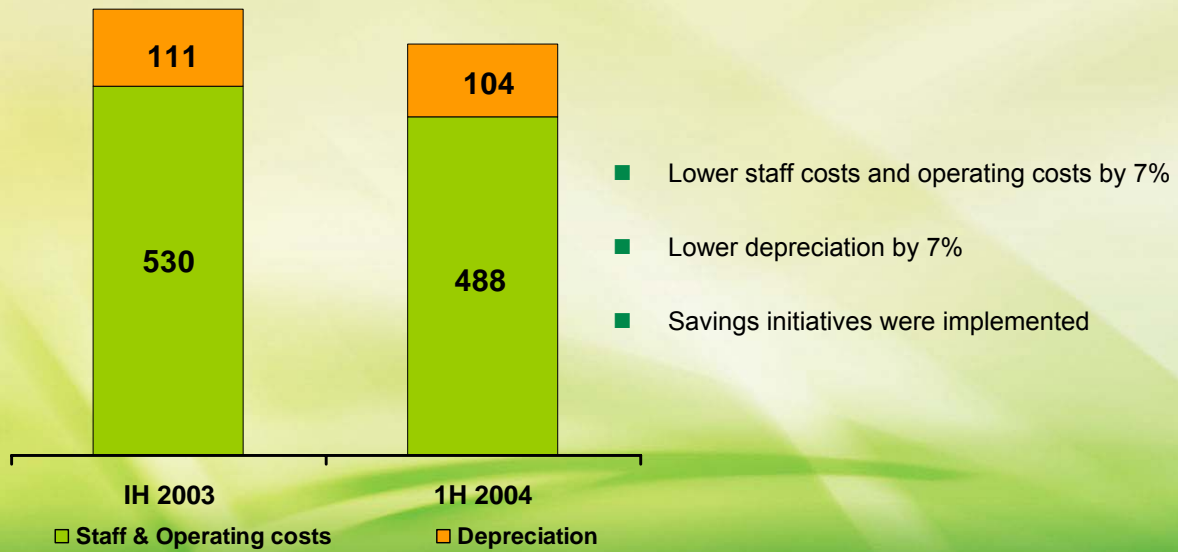
- Increase in economic activity translating into income performance.
- Total Income growth led by:
 - Growing volumes over resources drives growth in Net Interest Income
 - Underlying Non-Interest Income growth driven by Fees and Commissions increased by 13%:
 - Distribution fees +200%
 - International payments +29%
 - Credit card fees +17%
 - Account fees +12%
 - Exceptional high Income from Capital Investments
 - CU Dividend PLN 53m vs. PLN 24m in 2003
 - Subsidiary Disposal PLN 55m vs. PLN 17m in 2003

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Total Costs PLN 592m -8% YoY

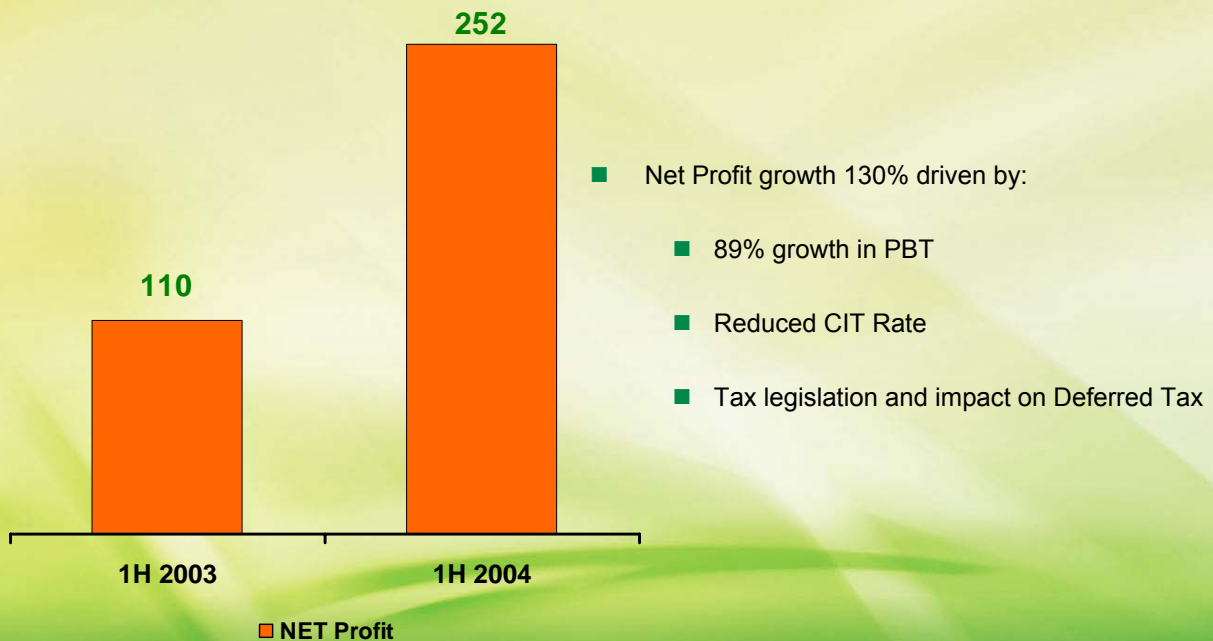


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23

Bottom Line – Net Profit +130%YoY



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24

In summary

- Strong performance in 1 HY 2004 resulting in:
 - PBT increasing by 89% YoY, excluding dividends and subsidiary disposals growth is 64%YoY
 - C/I Ratio reduced by 14.0 p.p. to 59.8% (excl. dividends and disposal C/I would reduce by 10.3 p.p.)
 - ROE targets being realised
 - Strong Solvency Ratio maintained at 11.77%