

1Q 2008: Success of Business Diversification

**BZWBK Group performance
for the 1st Quarter 2008**

08/05/2008

Disclaimer



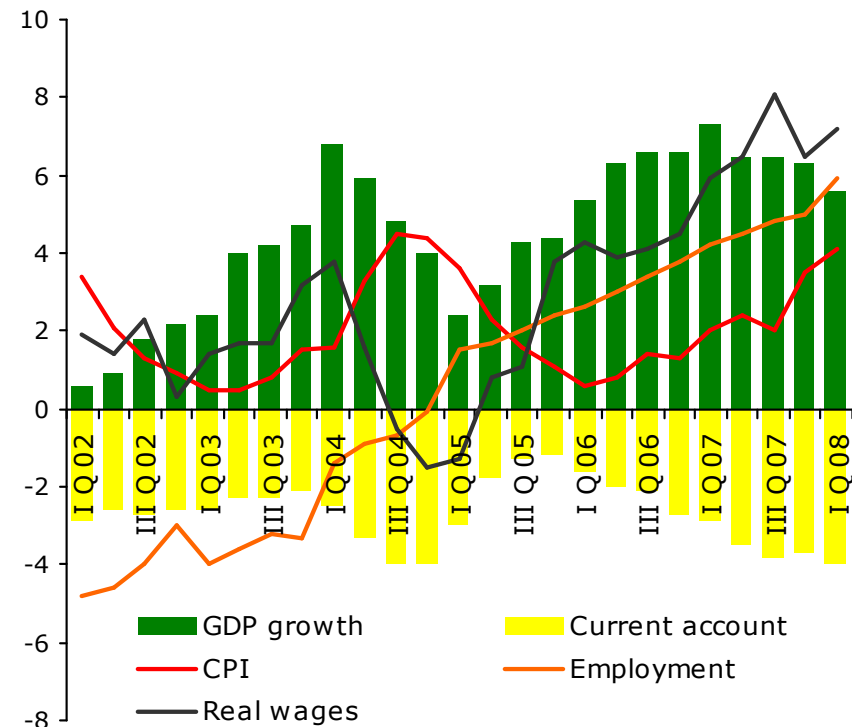
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Bank Zachodni WBK shall not be liable for any consequences of decisions taken based on the forward looking statements contained in this document.

Slower GDP growth, higher inflation

- According to our estimates GDP growth decelerated to 5.6% in Q1 2008. This was driven by lower growth in investments and higher trade deficit, while consumption growth is still strong
- Such GDP breakdown is expected to be maintained in the remainder of the year, but growth in the second half may decelerate to below 5%
- This will be connected with global slowdown, strong zloty and higher costs of labour, energy etc.

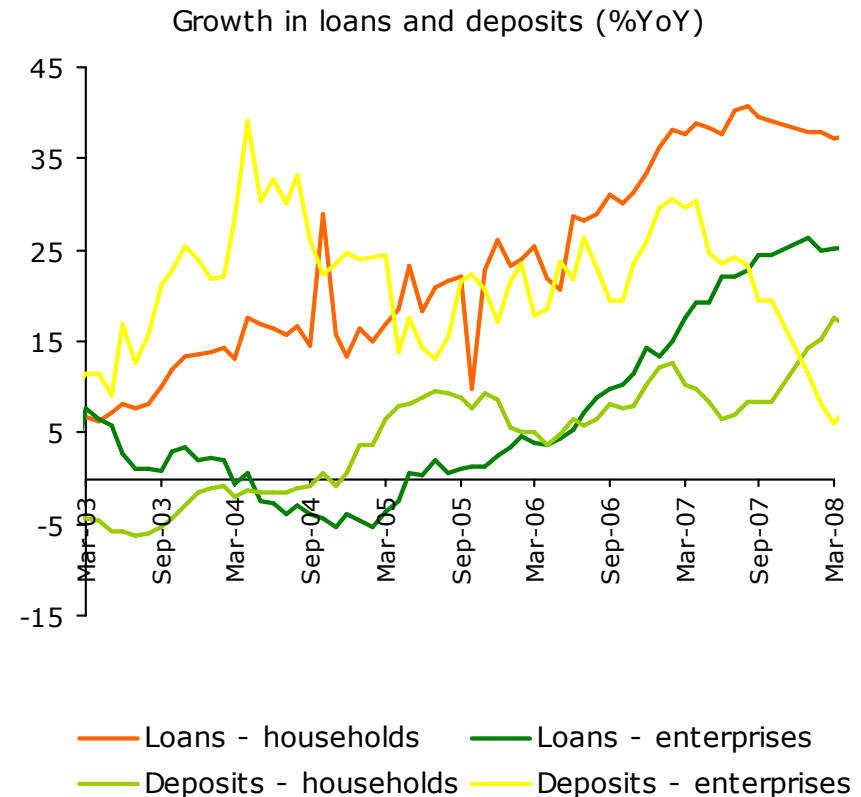
Quarterly economic indicators, %YoY



Weaker loans growth, higher private deposits



- Growth in mortgage loans slightly slowed down in Q1, with some currency substitution observed
- Continued robust rise in demand for consumption loans, supported by improving labour market conditions and growing consumer confidence
- Stable increase in corporate borrowing and slower growth in companies' deposits amid strong investment activity
- Rapid acceleration in households' deposits growth (higher income and continued shift from riskier to safer assets)



1Q 2008 summary

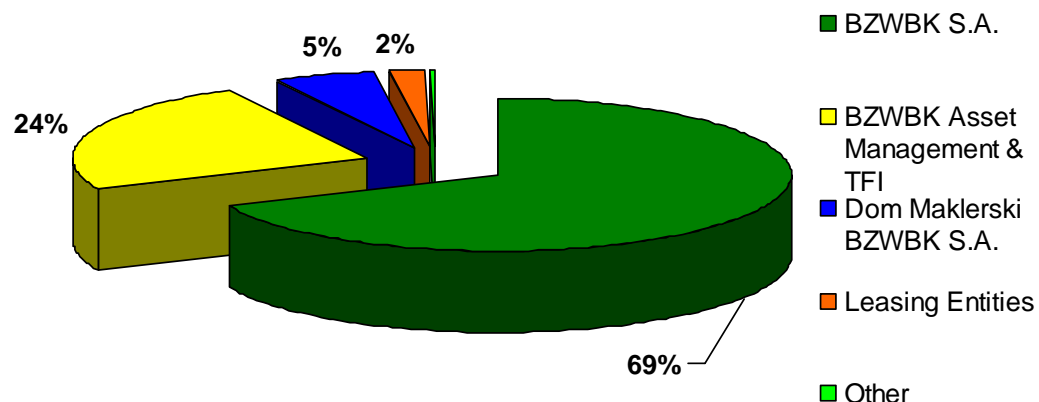


<i>PLN m</i>	1Q 2007	1Q 2008	Change
Profit before tax	366	349	-5%
Net profit	293	277	-6%
Profit attributable to shareholders	261	243	-7%
Income	689	760	10%
Costs	343	406	18%
C/I ratio	49,8%	53,4%	3,6 p.p.

PBT of BZWBK S.A. Group



By legal entity



- Contribution of BZWBK bank increases – was 64% in 1Q 2007)
- Decreasing combined share of AM&TFI and Dom Maklerski (was 33% in 1Q 2007)

By business segment

PLN m	1Q 2007	1Q 2008	Change
Branch and corporate operations	218	226	4%
Treasury operations	33	45	36%
Investment banking	133	102	-23%
Leasing operations	8	7	-13%
Total segments gross profit	392	380	-3%
Unallocated costs	-26	-31	19%
Profit before tax	366	349	-5%

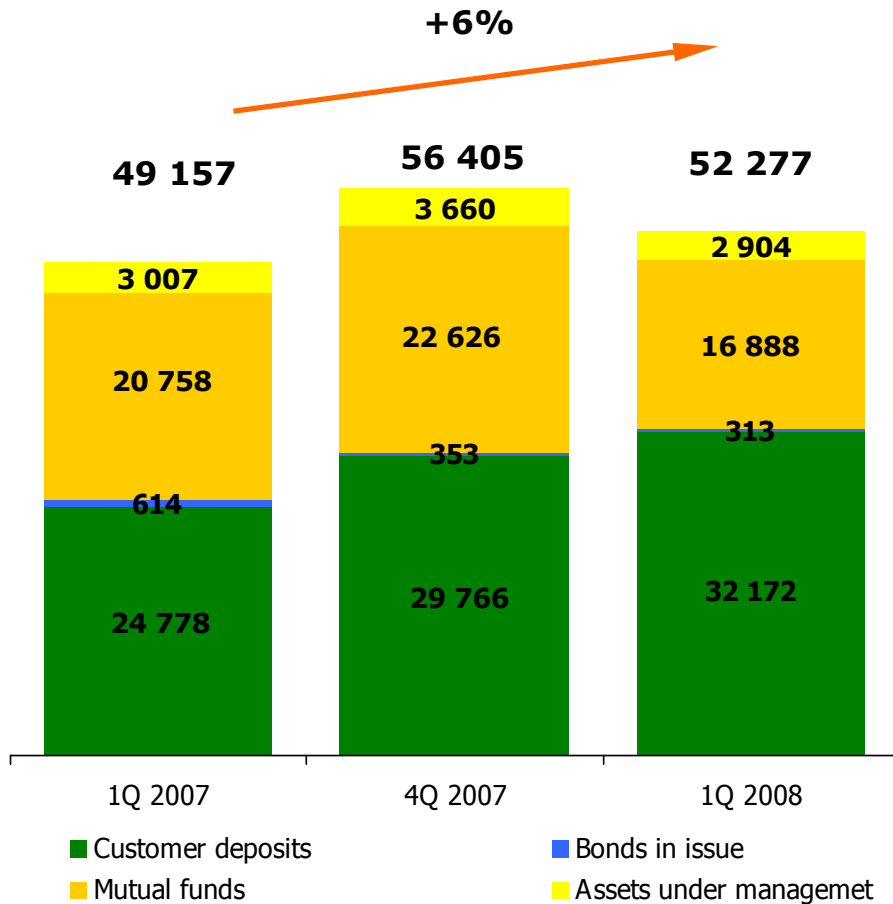
- Branch and corporate operations – 59% of total segments gross profit
- Increasing contribution of Treasury Operations – 12% of segments profit

Total Customer Funds exceeds PLN 52bn



Total Customer Funds

PLNm



- Total Customer Funds of BZWBK Group increased by 6% y/y driven by:
 - Customer deposits +30%
 - Mutual funds –19%
- Total Customer Funds of BZWBK Group lower by 7% in Q1
 - mutual funds –25%
 - assets under management -21 %
 - Banking deposits +8%

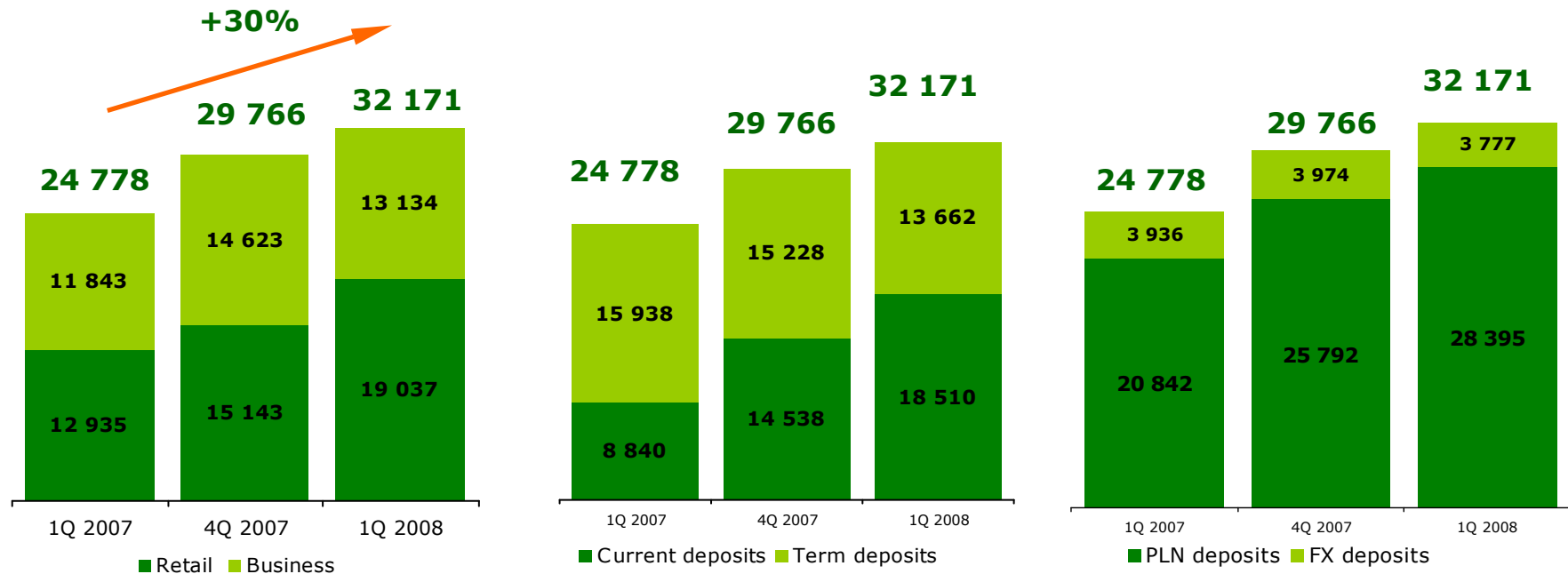
Customer deposits +30% y/y (+PLN 7.4bn)



- High growth of retail deposits y/y (+47%), business deposits +11%
- Attractive offer of savings accounts and positive promotional campaign, resulting in PLN 3.9bn added to total retail deposits in Q1
- Constant currency increase +31.4% y/y

Customer deposits

PLNm

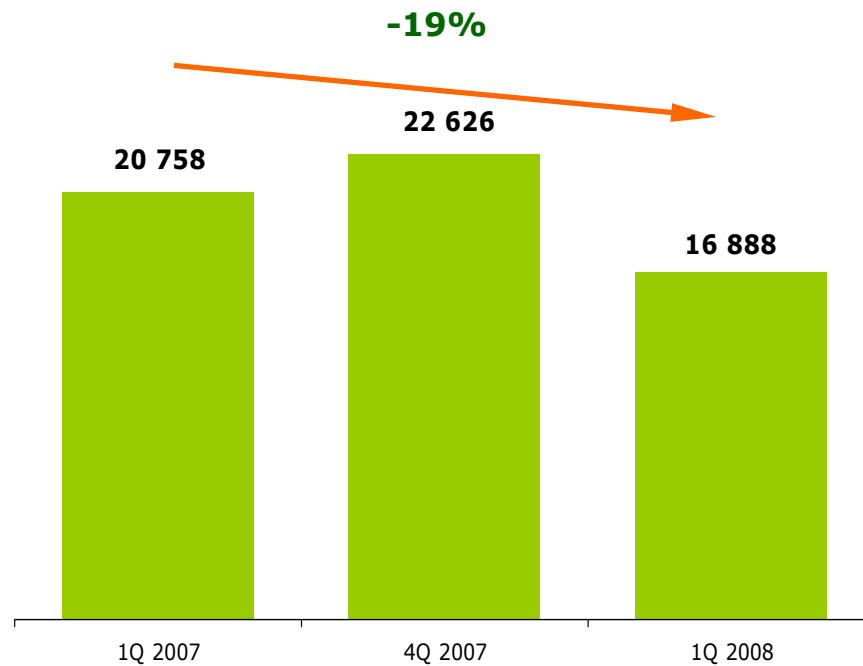


Mutual Funds -19% y/y



Net Assets of BZWBK AIB TFI Mutual Funds

PLNm



Awarded by Gazeta Giełdy Parkiet with „Bull & Bear” statuette for being the best Polish mutual fund in 2005, 2006 and 2007

The best mutual fund in the prestigious ranking of Rzeczpospolita Daily for four consecutive years

- Challenging market conditions
- 2nd position in the market with the market share 15.4%
- Products in 2008:
 - Arka BZWBK fund for the shares of Central and Eastern Europe
 - ARKA BZWBK New Europe fund
- Changing mix of Portfolio Structure impacts management fee

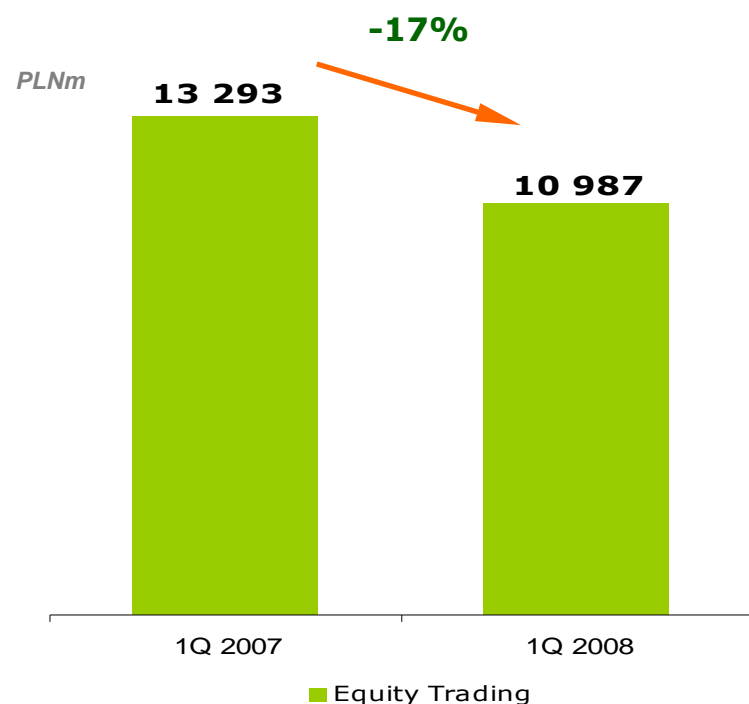
Assets of BZWBK AIB TFI Funds – structure by type

	1Q 2007	4Q 2007	1Q 2008
Closed	2,4%	2,7%	3,6%
Equity	26,0%	30,9%	26,1%
Mixed	60,7%	57,0%	52,7%
Bonds	1,9%	1,8%	3,0%
Money Market	9,0%	7,6%	14,7%

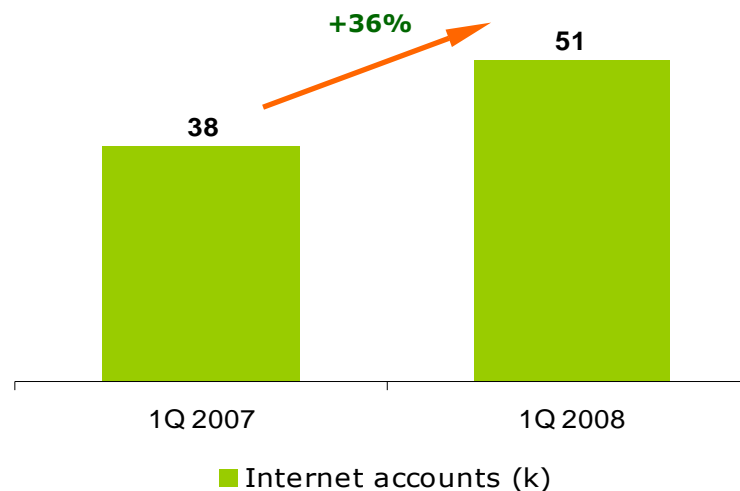
Dom Maklerski: PBT -17% y/y



Equity Trading



- Highly competitive and challenging market:
 - turnover on the equities market in IQ'08 – PLN 101bn, decreased by 15% vs. IQ'07
 - Limited primary offer activity
- 3rd position in the equity market in 1Q2008 with 10.86% market share
- 2nd position on futures market in 1Q 2008 with 11.02% market share
- Strong competition especially in institutional clients segment

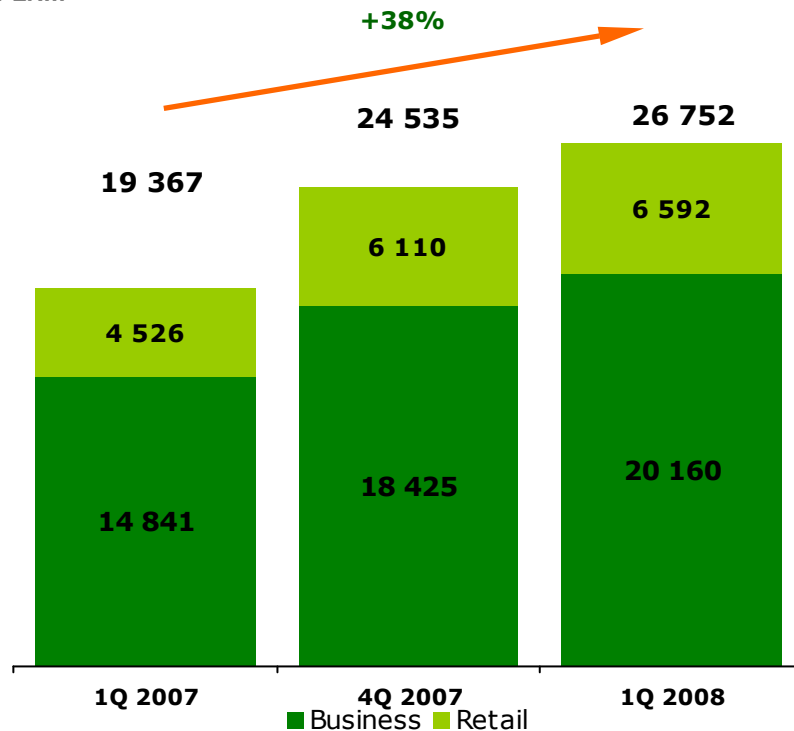


Total gross loans +38% y/y



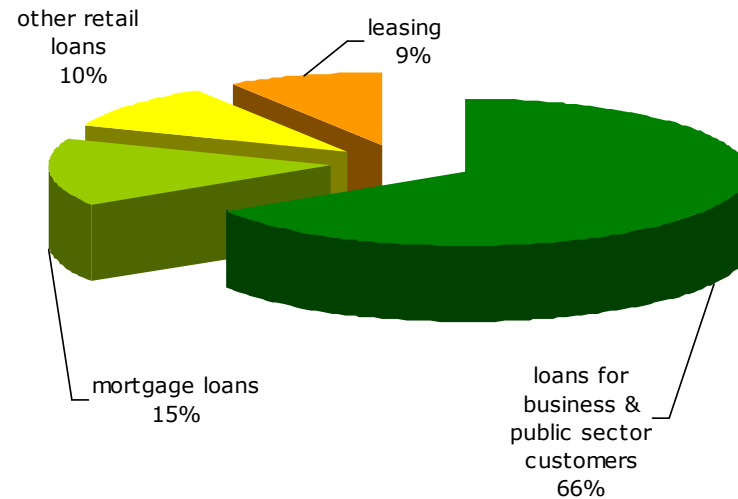
Total gross loans y/y

PLNm



- Net loans grew by 40% while gross loans were higher by 38% y/y (+ PLN 7.4 bn)
- Growth driven by retail (+46%) and business sector (+36%)
- Growth in constant currency +4.4 p.p. on nominal rates

Gross loans portfolio structure in 1Q 2008



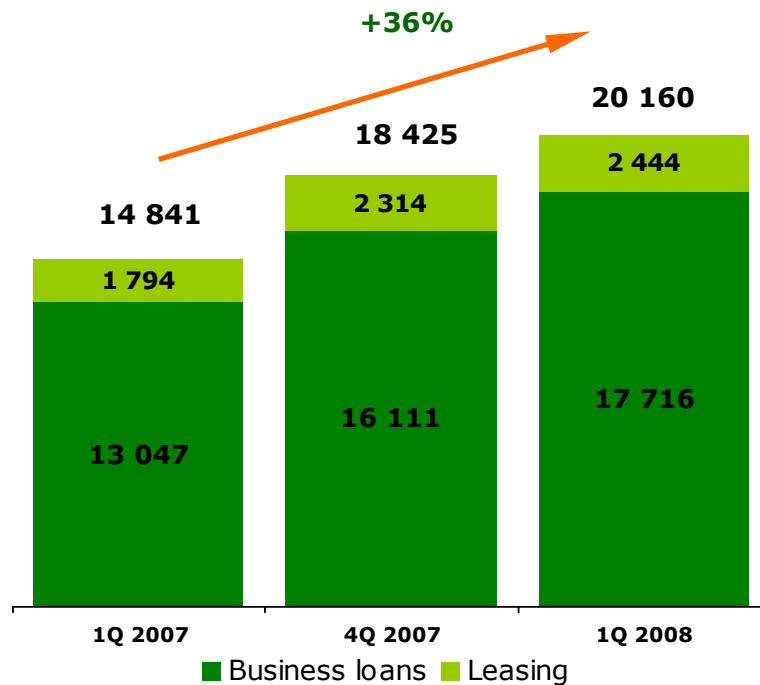
- Accelerated commercial real estate lending (+68%) confirms the Group's strong presence in the property market
- Housing loans make up 15% of the gross loan-book
- NPL's ratio reduced from 4.1% in Q1 2007 to 2.7% in the end of Q1 2008

Business lending 36% y/y (+PLN 5.3bn)



Total gross loans y/y

PLNm



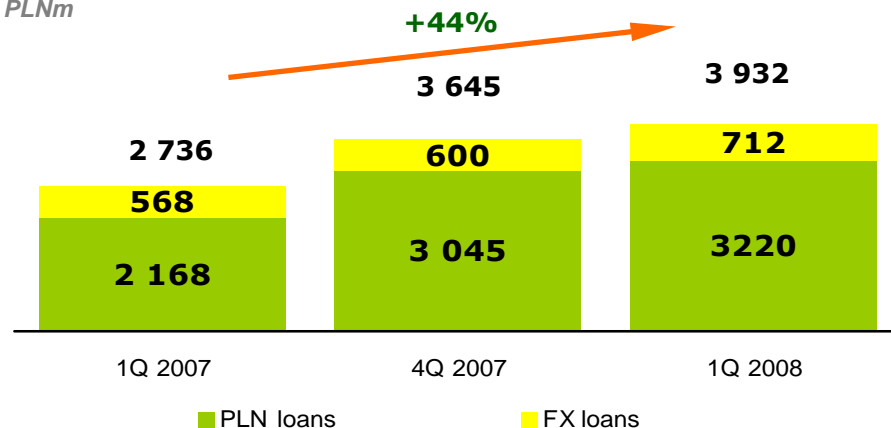
- Outperformance against market growth
- Success of Corporate Banking Centre structures (nearly 80% of portfolio managed)
- SME loan portfolio growth 30% y/y
- New focus on medium / commercial business launched
- Leasing advances increased by + 36% y/y
 - total net assets leased y/y grew by 31% to PLN 455m
- Excellent quality notwithstanding portfolio growth (NPL: 2.9% vs. 5.0% in Mar 2007)
- Property contributes 29% of Total Loans Portfolio (Mar 2007: 23%)

Total retail loans +46% y/y (+PLN 2bn)



Mortgage Loans

PLNm

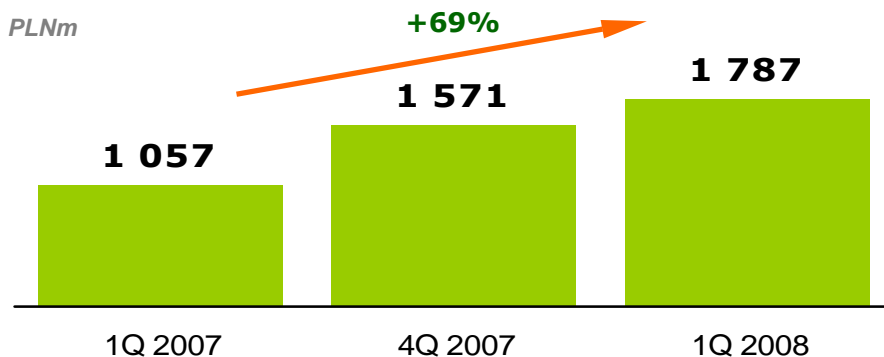


- Mortgage loans increased +44%:
 - PLN mortgage loans increased by 49%
 - attractive product proposition, demand for FX
 - NPL: 0.9% vs. 1.7% in Mar 2007

Other retail retail lendings +49% y/y, Main components:

Cash Loans

PLNm



- Higher cash loans (+69%) driven by:
 - competitive proposition: increased availability of the loans, new pricing starting from 7.99%
 - intensive marketing campaigns
 - new direct channels: accessible via phone and Internet
 - NPL: 3.9% vs. 3.3% in Mar 2007)

BZWBK SA Distribution Power



- **428 branches nationwide** (as at 31st of March 2008)

- 22 BZWBK branches opened in 1Q 2008
- in total 200 branches until 2011



- **6 corporate centres**

- Poznan, Warszawa, Wrocław; Kraków, Gdańsk, Łódź, and offices in Szczecin and Katowice

- **732 multifunctional ATMs** (as at 31st of March 2008)

- **Direct banking in BZWBK**

- e-banking: 1,183k customers (1,054k individual, 129k business)
- integration and activation
 - integration between branches and e-channels
 - sales activation programme



- **33 Minibank outlets** (as at 31st of March 2008)

BZWBK SA New Business Lines



▪ **Bancassurance**

- Acceleration of sales and product development
- BZWBK & AVIVA joint-venture

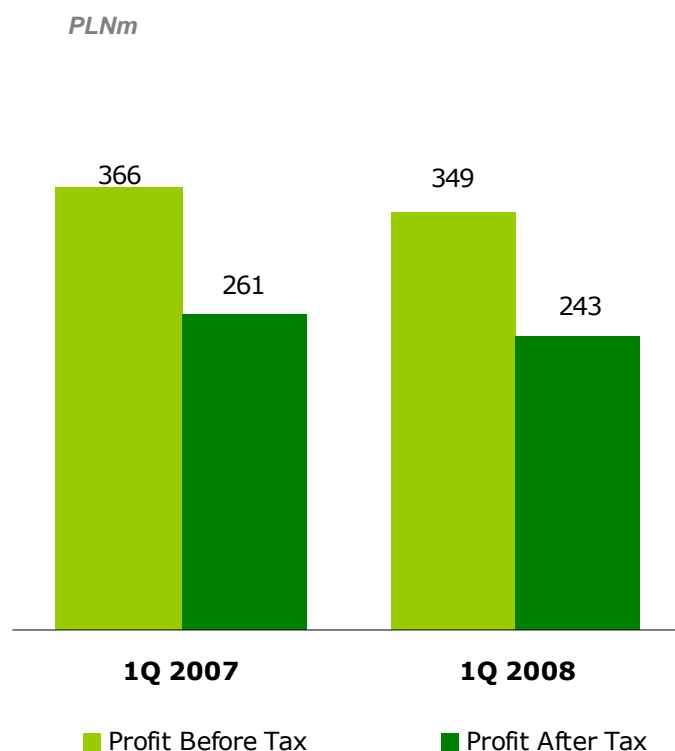
▪ **Private Banking**

- Wide offer of investment products, along with high profiled lending services
- Private bankers teams, mobile services,
- Dedicated IT platform
- Brokerage services

▪ **SME Centers**

- 10 large and medium cities
- successful pilot in Warsaw and Gdańsk
- By the end of 2008, targeting additional 7 new centers: Poznań, Wrocław, Kraków, Łódź, Katowice, Szczecin, Bydgoszcz

Financial highlights - P&L

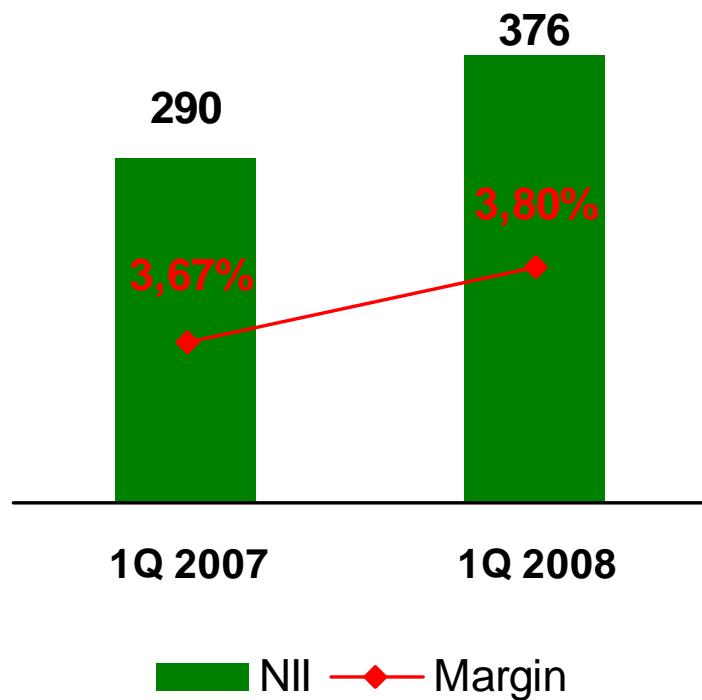


PLN m	1Q 2007	1Q 2008	y/y
Total income	689	761	10%
Net interest income	290	376	30%
Net fee & commission income	367	349	-5%
Other income	32	36	13%
Total costs	-343	-406	18%
Operating surplus	346	355	3%
Provisions	20	-6	-130%
PBT	366	349	-5%
Taxation	-73	-73	0%
Minority interests	-32	-33	3%
Profit attributable to shareholders	261	243	-7%

Net interest income +30% y/y



PLNm



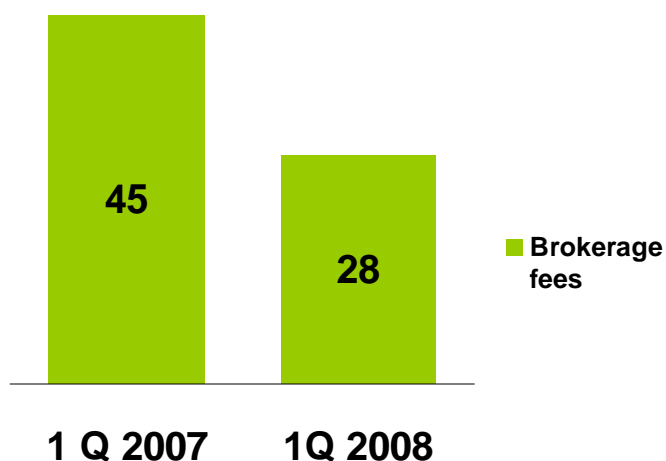
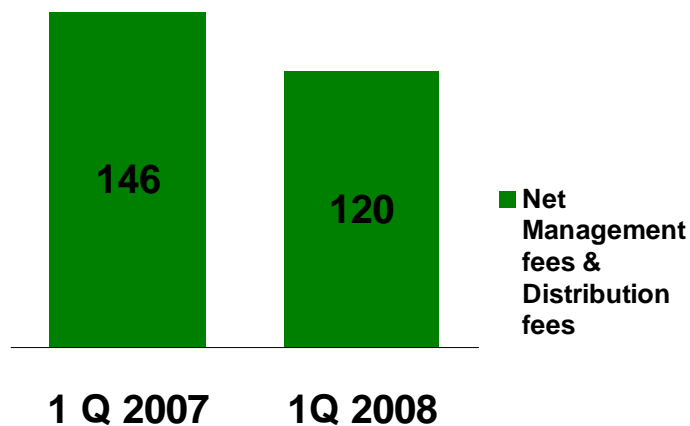
- Strong growth in Net Interest Income +30%
- Significant volume increase:
 - average Customer Loans +6.8bn, +36%
 - average Customer Deposits +6.5bn, +27%
- Rate environment increasing
- Product Mix / Product Margin factors
- Net interest Margin* improved, though reduced Q/Q

* Based on average interest earning assets

Fees and Commissions -5%

Key Components

PLNm

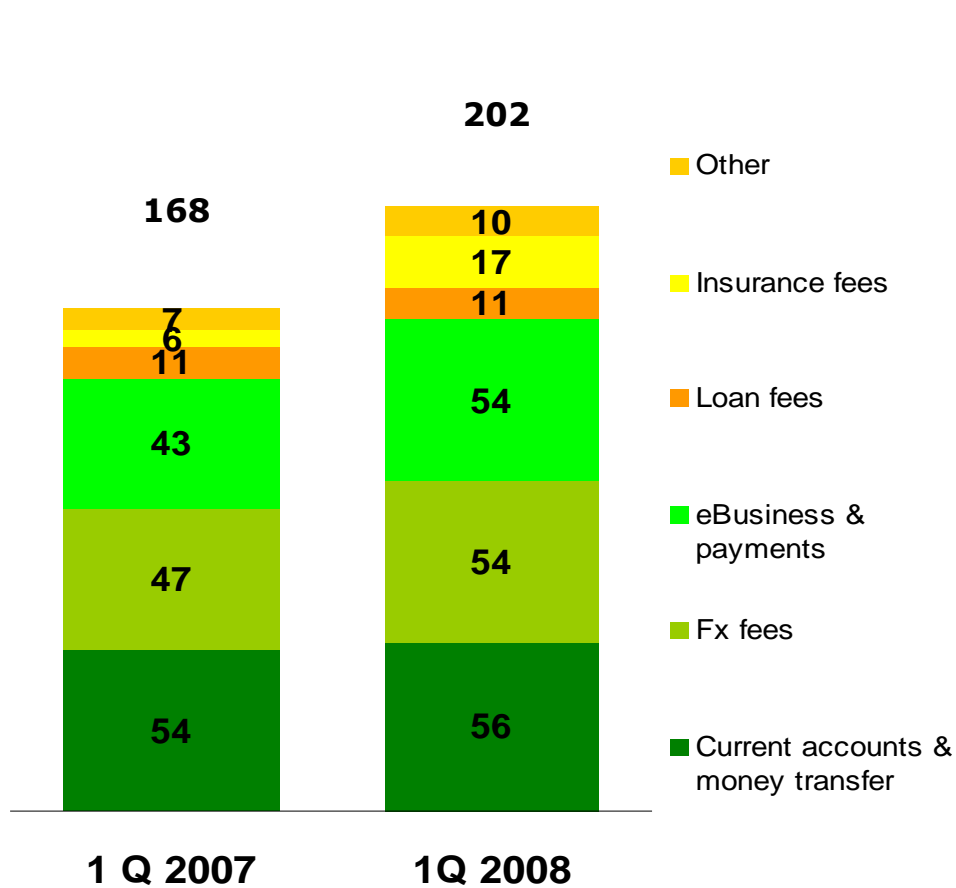


- Combined Net Management & Distribution Fees -18%
 - Gross Distribution Fee lower
 - Lower sales PLN 778 m (-78%)
 - Average Arka volumes at PLN 18.3bn -4%
 - Average AUM PLN 3.1bn +14%
-
- Total Net Brokerage fees -38%
 - Secondary Market Fees -25%
 - Primary Market activities awaiting for better climate (PLN 8.4 m in 1Q 2007)

Net Fee and Commission - other components



PLNm

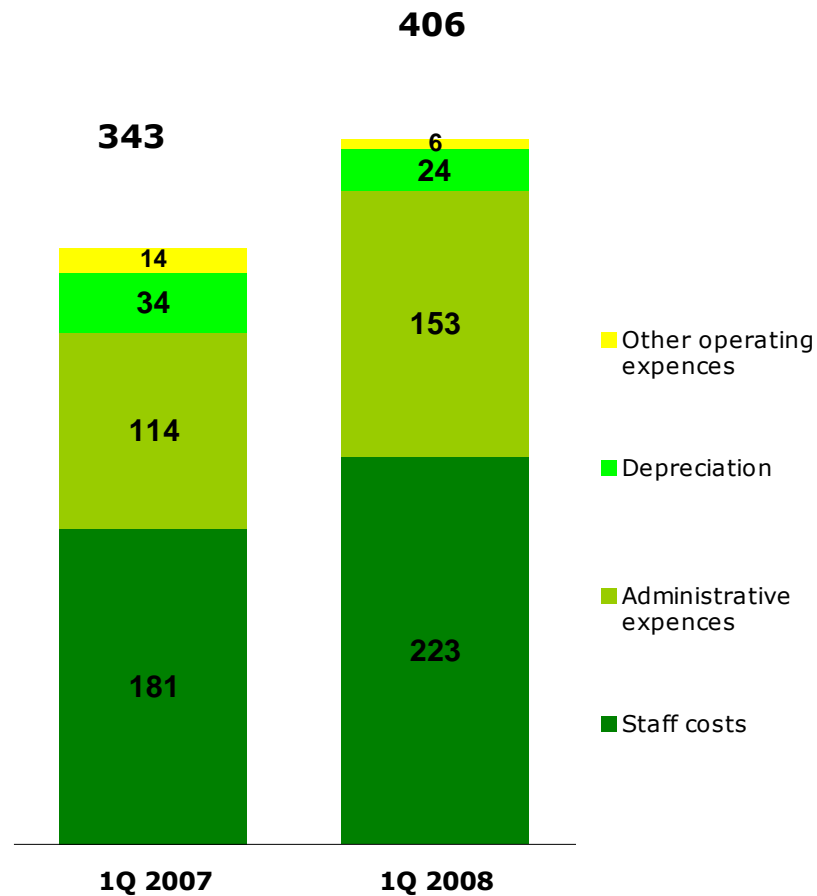


- Account fees + 4%:
- Fx fees increased by +15%
 - driven by Branch & Corporate activity
- eBusiness & payments +26%
 - Debit cards +25%
 - Third party services +37%
- Insurance fees +183%
 - Sale of Investment Policies
 - Cash Loans

Total Costs PLN 406 m +18 % y/y



PLNm



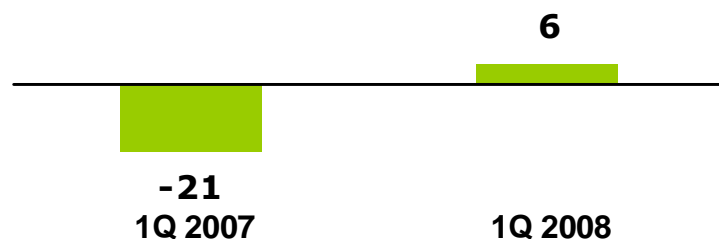
- **Staff costs +23%**
 - Higher staff number, +1,422 FTE's (+18%), supporting business development
 - Salary increase from April 2007
 - Staff training and development
- **Increase in administrative expenses (+34%)**
 - Marketing & promotion +95% to PLN 29.8m
 - Maintenance and buildings rentals +28%
 - Branch Network development costs PLN 7.1m
 - IT cost +14%
- **Depreciation decreased by 30%**

Consistent improvement of loan quality



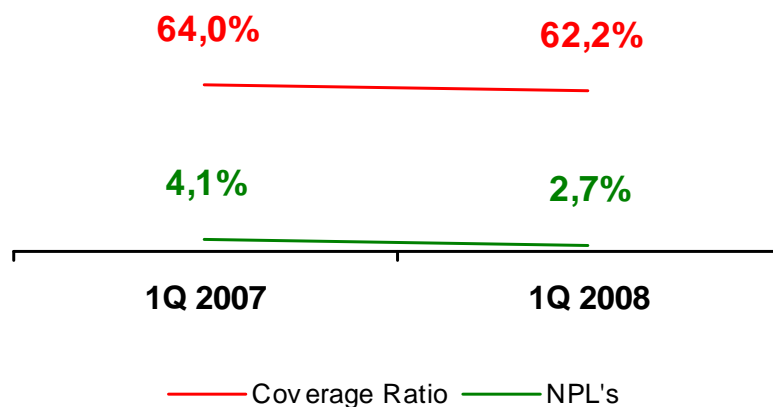
Impairment charges

PLN m



NPLs, Coverage ratio

PLN m



- Net Impairment charges represented 0.02% of average credit principal vs. - 0.44% in Q1 2007
- NPL ratio significantly improved from 4.1% in March 2007 to 2.7% in March 2008 (-1.4p.p.) due to:
 - Quality asset growth
 - Better economic climate continuation
 - Reduced level of NPL's
- Impaired loans provision cover at – 62,2% vs. 64,0% in comparable period

Capital Management



- Q1 2008 BASEL II solvency ratio 10.56%
- Growth of credit RWA in Q1 2008 + PLN 2.8 bn (+10%)
- 2008 retained profits not in calculation of Q1 solvency ratio
- Impact of BASEL II application to Dec 2007 solvency ratio approximately –180 b.p.

1Q 2008 summary



<i>PLN m</i>	1Q 2007	1Q 2008	Change
Profit before tax	366	349	-5%
Net profit	293	276	-6%
Profit attributable to shareholders	261	243	-7%
Income	689	761	10%
Costs	343	406	18%
C/l ratio	49,8%	53,4%	+3,6 p.p.
NPL's ratio	4,1%	2,7%	-1,4 p.p.
Annualised total credit loss ratio	-0,44%	0,02%	+0,46 p.p.
ROE	21,30%	21,60%	+0,30 p.p.
Solvency ratio	13,87%*	10,55%	-3,32 p.p.
Loan / Deposit ratio	78%	83%	+ 5 p.p.

* Under Basel I


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Appendix



1. Profit and loss account
2. Balance sheet
3. Quarter 1 2008 – key highlights

Profit & Loss account by quarters



	I Q 2008 01.01.2008 for the period: - 31.03.2008	IV Q 2007 01.10.2007 - 31.12.2007	III Q 2007 01.07.2007 - 30.09.2007	II Q 2007 01.04.2007 - 30.06.2007	I Q 2007 01.01.2007 - 31.03.2007
Interest and similar income	688 473	609 661	544 539	489 207	455 458
Interest expense and similar charges	(312 744)	(246 082)	(215 544)	(185 193)	(165 396)
Net interest income	375 729	363 579	328 995	304 014	290 062
Fee and commission income	411 314	467 807	449 276	447 214	421 693
Fee and commission expense	(62 018)	(66 358)	(61 410)	(58 519)	(54 714)
Net fee and commission income	349 296	401 449	387 866	388 695	366 979
Dividend income	13	15	285	64 436	10
Net trading income and revaluation	20 783	15 314	19 939	15 990	16 701
Gains (losses) from other financial securities	(393)	(27 637)	(1 308)	(1 222)	4 692
Gains (losses) from investment in subsidiaries and associates	-	1 710	-	-	-
Other operating income	15 022	18 624	11 307	11 043	10 206
Impairment losses on loans and advances	(5 966)	(6 756)	(21 539)	3 714	20 645
Operating expenses incl.:	(405 900)	(496 350)	(382 951)	(374 452)	(342 805)
Bank's staff, operating expenses and management costs	(376 456)	(455 817)	(341 274)	(332 226)	(295 423)
Depreciation/amortisation	(23 979)	(29 176)	(37 328)	(34 488)	(33 610)
Other operating expenses	(5 465)	(11 357)	(4 349)	(7 738)	(13 772)
Operating profit	348 584	269 948	342 594	412 218	366 490
Share in net profits (losses) of associates accounted for by the equity method	(59)	(757)	915	113	(77)
Profit before tax	348 525	269 191	343 509	412 331	366 413
Corporate income tax	(72 004)	(58 293)	(75 253)	(74 042)	(73 179)
Profit for the period	276 521	210 898	268 256	338 289	293 234
incl.:					
attributable to the Company's equity holders	243 101	170 442	225 657	297 984	260 612
attributable to the Minority equity holders	33 420	40 456	42 599	40 305	32 622

Balance Sheet by quarters



	1 Q 2008	4 Q 2007	3 Q 2007	1 H 2007	1 Q 2007
ASSETS					
Cash and balances with central bank	1 428 511	2 206 265	1 013 925	762 897	1 092 607
Loans and advances to banks	3 707 899	2 576 878	3 853 460	2 736 901	4 424 736
Financial assets held for trading & hedging	1 314 844	1 299 663	592 413	456 287	755 389
Loans and advances to customers	26 168 001	23 949 714	22 280 408	20 650 181	18 722 961
Investment securities	10 757 735	9 763 669	9 275 100	8 996 182	8 569 739
Investments in associates	9 807	13 378	35 651	35 936	35 824
Intangible assets	118 763	115 280	102 664	111 515	123 560
Property, plant & equipment	554 295	543 226	490 780	479 189	484 781
Deferred tax assets	354 448	368 449	399 682	464 758	444 631
Other assets	467 992	495 557	412 586	535 430	614 219
Total assets	44 882 295	41 332 079	38 456 669	35 229 276	35 268 447
LIABILITIES					
Deposits from banks	5 178 306	4 483 526	5 448 407	3 555 187	3 703 476
Financial liabilities held for trading & hedging	1 082 439	1 004 487	500 317	287 522	278 956
Deposits from customers	32 171 721	29 765 687	26 377 357	25 218 044	24 777 960
Debt securities in issue	312 662	352 961	404 998	589 675	613 795
Current income tax liabilities	10 724	49 115	100 536	60 056	32 672
Deferred tax liabilities	199 214	202 777	256 615	334 677	348 287
Other liabilities	1 158 979	896 825	957 932	1 035 514	1 186 332
Total liabilities	40 114 045	36 755 378	34 046 162	31 080 675	30 941 478
Equity					
Capital and reserves attributable to the Company's equity holders	4 591 185	4 341 527	4 215 569	3 996 275	4 214 920
Share capital	729 603	729 603	729 603	729 603	729 603
Other reserve funds	2 076 028	2 061 578	2 058 175	2 054 612	1 884 076
Revaluation reserve	366 114	362 963	412 049	420 775	501 437
Retained earnings	1 176 339	232 688	231 489	232 689	839 192
Profit of the current period	243 101	954 695	784 253	558 596	260 612
Minority interest	177 065	235 174	194 938	152 326	112 049
Total equity	4 768 250	4 576 701	4 410 507	4 148 601	4 326 969
Total equity and liabilities	44 882 295	41 332 079	38 456 669	35 229 276	35 268 447

Quarter 1 2008 – key highlights



<i>PLN m</i>	1Q 2008	1q08 vs. 4q07	1q08 vs. 1q07
Total income	761	-2%	10%
Net interest income	376	3%	30%
Net fee & commission income	349	-13%	-5%
Other income	36	349%	13%
Total costs	-406	-18%	18%
Operating surplus	355	28%	3%
Provisions	-6	-11%	-130%
Share in net profit of associates	0	-100%	-
PBT	349	30%	-5%
Taxation	-73	23%	0%
Minority interests	-33	-18%	3%
Profit attributable to shareholders	243	43%	-7%