



# INVESTOR DAY 2015

LONDON, 23-24 SEPTEMBER

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# Agenda

**1** Market and financial system

**2** Strengths and opportunities

**3** Strategy

**4** Targets

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# Poland: An economy with significant potential

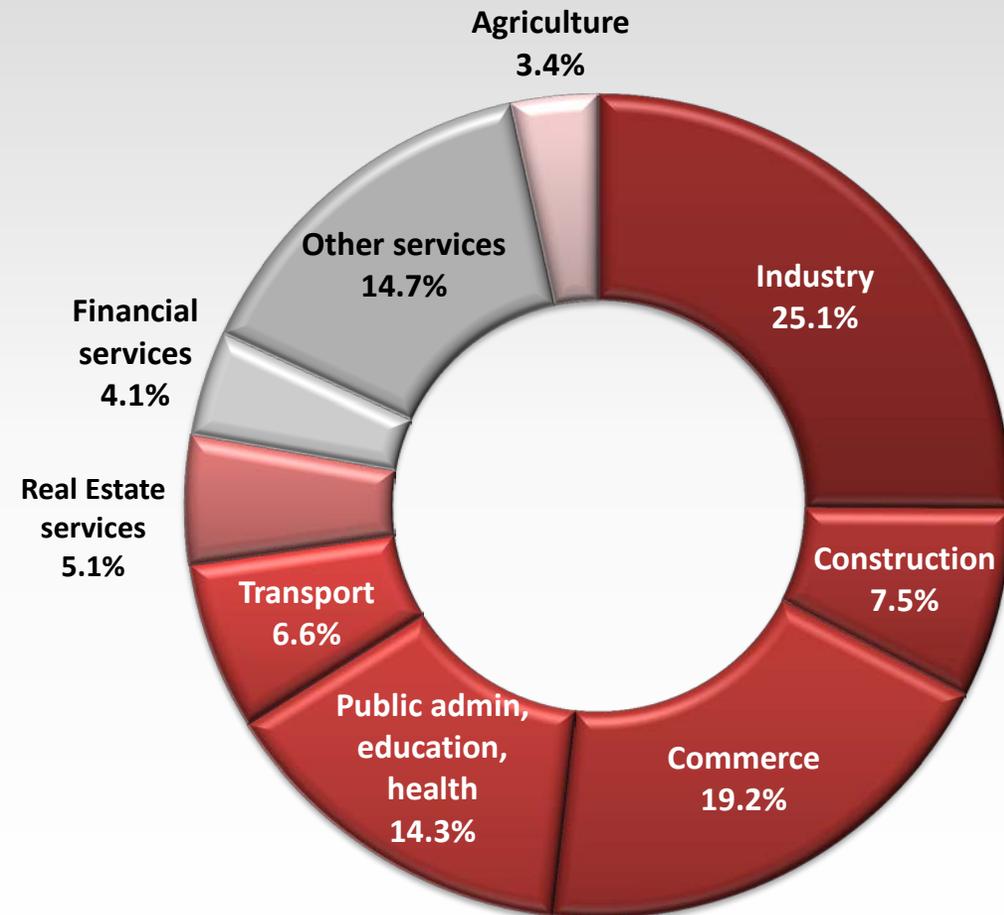
## Demographic profile

- Population: 38.5MM
- GDP per capita (PPP) US\$25,100
- Life expectancy men: 73, women: 81
- % living in poverty: 7.4%

## Economic figures

- GDP €413bn
- Exports 47% of GDP
- Investment 20% of GDP
- General govt balance -3.2% of GDP
- C/A balance -1.4% of GDP

## GDP by sectors



Source: IMF, GUS, National Bank of Poland

# ...outperforming its peers in terms of GDP growth...

## Growth of GDP per capita

(%, 2008-14)



## Rank in Doing Business Report

(#)



## Main factors behind success

- **Competitive** private sector
- **Flexible** labour market
- **Free-floating** exchange rate
- Largest **beneficiary of EU funds** (€82.5bn to 2020)
- 51% of young<sup>1</sup> people in the country, **well-educated workforce**
- Relatively **low debt burden** in private and public sectors
- Strong, **well-capitalised** banking sector

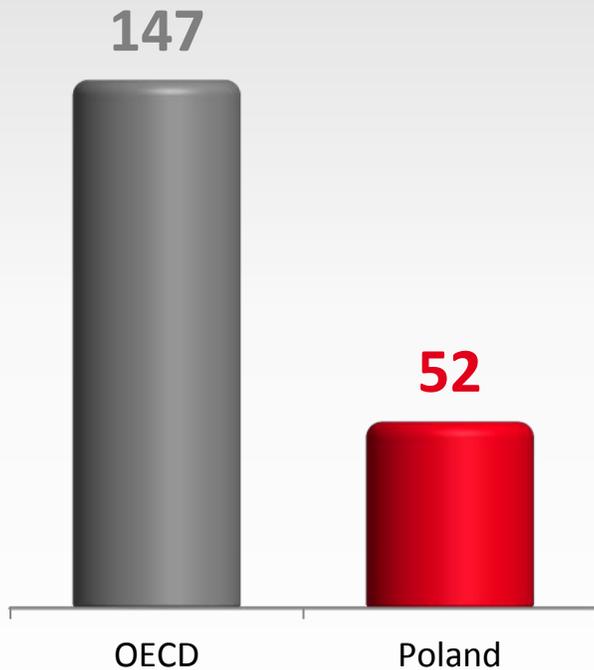
Source: IMF, World Bank, World Economic Forum, UN, BZ WBK

(1) Age of population in Poland : 0-24 years - 27% of the population; 0-30 years – 37% ; 0-39 years – 51%.

# ...with a growing and healthy banking sector

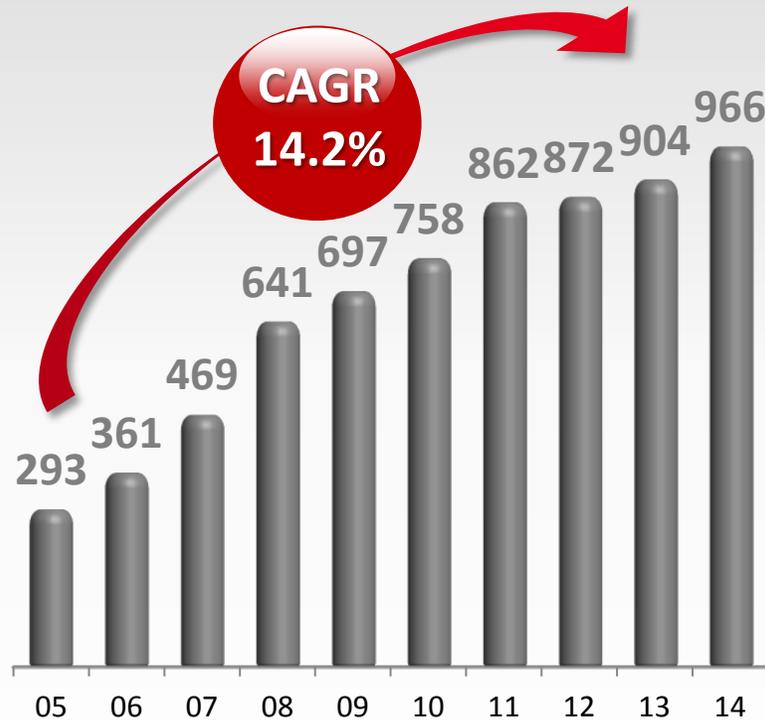
## Loans / GDP

(%)



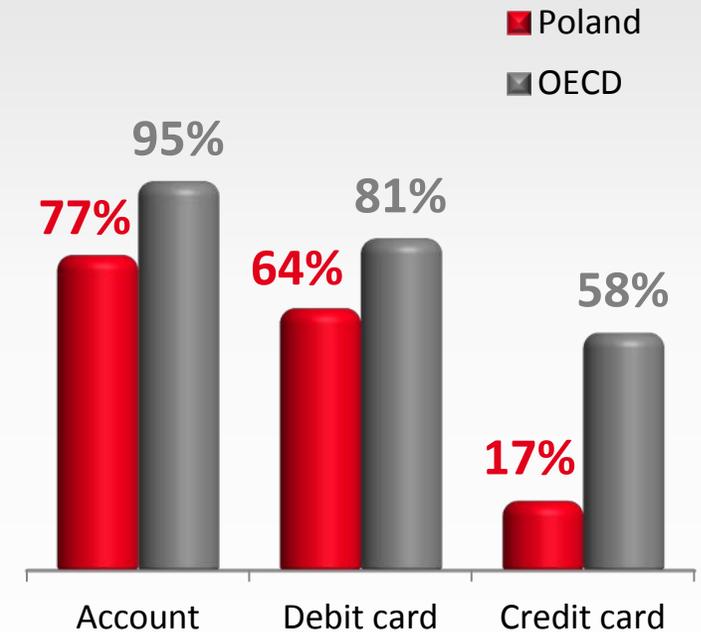
## Strong historical loan growth

PLNbn



## Upside potential of bank products

% of adults with one of these products

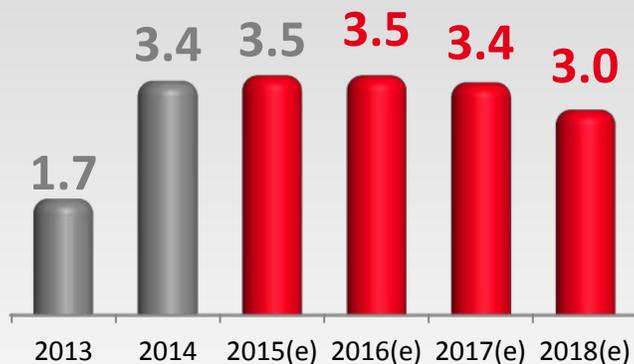


Source: World Bank, NBP, BZ WBK, OECD

# Macroeconomic outlook

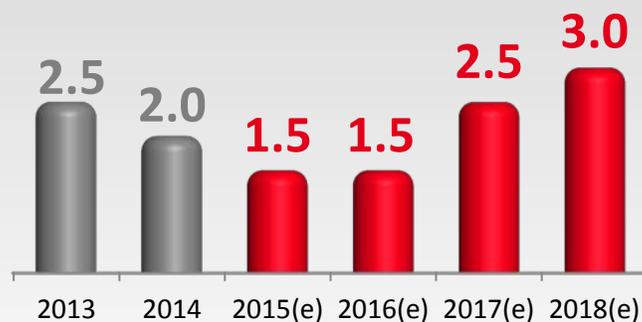
## Annual GDP Growth

(%, real)



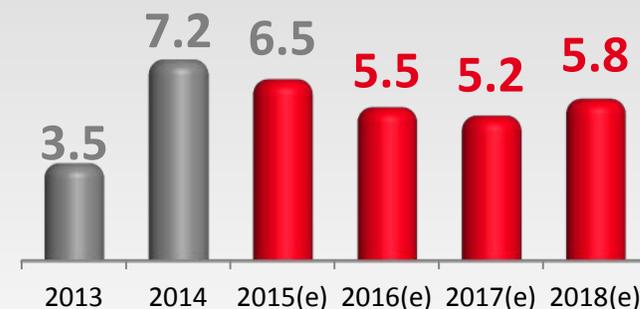
## Interest Rates

(%, year-end)



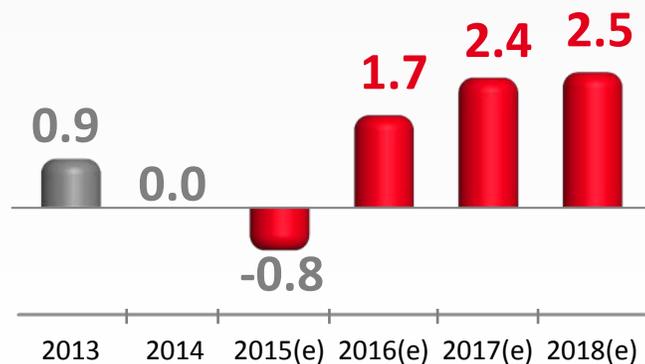
## Loan Growth

(%,YoY)



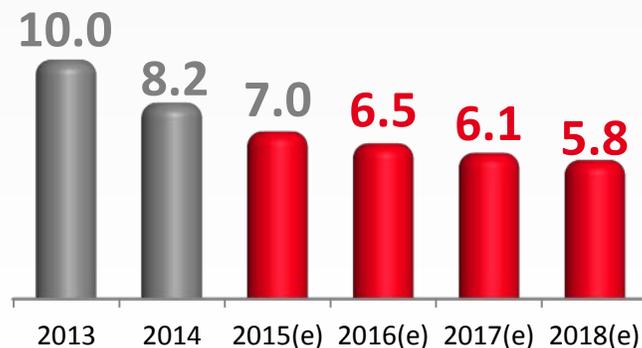
## Inflation Rate

(%, YoY)



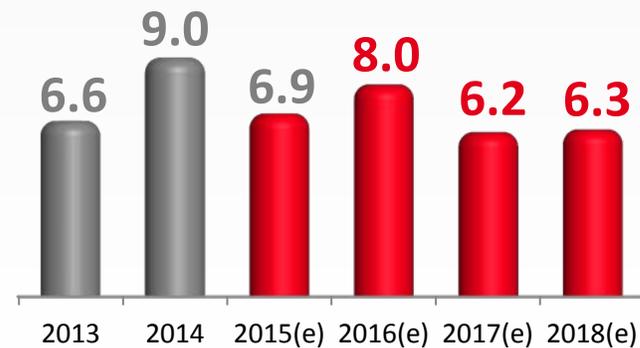
## Unemployment Rate

(%, year-end)



## Deposit Growth

(%,YoY)



Source: The National Bank of Poland, Central Statistical Office, estimates by Santander Research (11-sep-2015)

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3 Strategy

4 Targets

# Bank Zachodni WBK – Poland’s 3<sup>rd</sup> largest bank

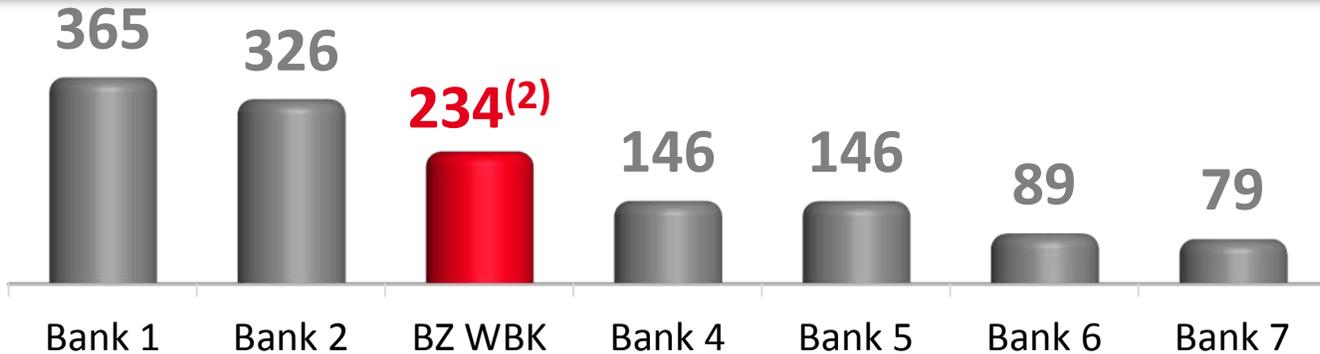


9%  
Market share<sup>1</sup>  
in Poland

## Who are we?

- No.3 bank by total assets
- 769 branches
- 4.3MM customers
- 1.8MM digital customers
- Gross Loans: €19bn
- Total customer funds €24bn
- Strongly capitalised: CAR 14.3%
- FL CET1 at 14.3%

## Bank Zachodni WBK Group is in 3<sup>rd</sup> position by profit after tax (€MM, 1H'15)



## Ratings

	BZ WBK	Poland
Fitch	BBB+	A-
Moody's	A3	A2

Data as at 30.06.2015, apart from adequacy ratios above data does not include SCB in Poland

(1) Market share gross loans

(2) Net profit adjusted by one-off bancassurance transaction (impact on profit after tax approx. €110MM)

# BZ WBK ambition

**Product and process simplification**

**Enhanced customer experience**



**Profitable business transformation  
meeting both customer and  
shareholder requirements**

**Maintaining Strong RoTE**

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# To become the leading customer-centric 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

Strategic aim: To be the 2<sup>nd</sup> player in the market by increasing our share and to maintain our leadership in terms of profitability

STRATEGIC PRIORITIES

1 Higher loyalty of individual and SMEs customers

2 Poland's best business bank

3 Efficient platform

4 Advanced risk management

5 Strong capital and funding

6 Enhanced management style

To be the 2<sup>nd</sup> player in the market

# Strategic priorities - Execution

## 1. Individuals / SMEs

- Enhanced CRM driving increased revenues
- Increasing loyal customer base
- Multichannel development / strong digital platform

## 2. Corporate / SGCB

- Market share growth
- Maximising high value added products and services
- No. 1 Foreign Trade Bank
- RWA / RoRWA optimisation

## 3. Efficient Platform

- Limit cost increase to 0% - 2% p.a. / simplification drive

## 4. Advanced Risk Management

- Digitalise approach / reduced and stabilised cost of credit

## 5. Capital and Funding

- Optimise cost of funding / maintain strong capital position

## 6. People

- Sales driven focus / leadership & skills development

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# 2018 Poland targets

		1H'15	2018
<b>People</b>	Employees 'fully engaged' in the Global Engagement Survey	-	50%
	Financial institution ranked by graduates as best employer	-	Top 3
<b>Customers</b>	Retail loyal customers (MM)	1.16	1.26
	SMEs and Corporate loyal customers (k)	55	77
	Digital customers (MM)	1.82	2.5
	Customer Service	--	Top 2
	Customer Loans Growth	8.1%	>Mkt
	Fee income CAGR	-6% <sup>(1)</sup>	c.10% <sup>(2)</sup>
<b>Shareholders</b>	FL CET1	14.3%	>13%
	RoTE	14.8%	>17%
	C/I ratio	45%	<40%
	NPL ratio	7.1%	c.5%
<b>Communities</b>	Number of scholarships 2016-2018 (k)		12.3
	People supported 2016-2018 (k)		368

Group criteria except FL CET1 (1) 1H'14-1H'15 (2) 2015-2018

## Transparent performance metric for 2016

Key metric	1H'15	2016	Improvement	Comment
Retail loyal customers (k)	1,160	1,201	+4%	<ul style="list-style-type: none"> <li>Successful continuation of strategy for increasing customers engagement and income per customer</li> </ul>
SMEs and corporates loyal customers (k)	55	65	+17%	<ul style="list-style-type: none"> <li>Enhance value proposition and non-risk based revenues. Services excellence &amp; quality</li> </ul>
Digital customers (k)	1,825	2,000	+10%	<ul style="list-style-type: none"> <li>Multichannel transformation of distribution network. Best in class in Polish market</li> </ul>
NPLs credit quality	7.1%	c.6%	c.-1p.p.	<ul style="list-style-type: none"> <li>Change in loan mix will improve quality</li> </ul>

# Key takeaways



Poland is a **strong** and **growing economy**



We have a **clear vision focused on customer centricity** and **simplification**



We will **out-perform** both the two **leading banks** and the **sector** as a whole



We expect **superior returns to our shareholders**



Simple | Personal | Fair