

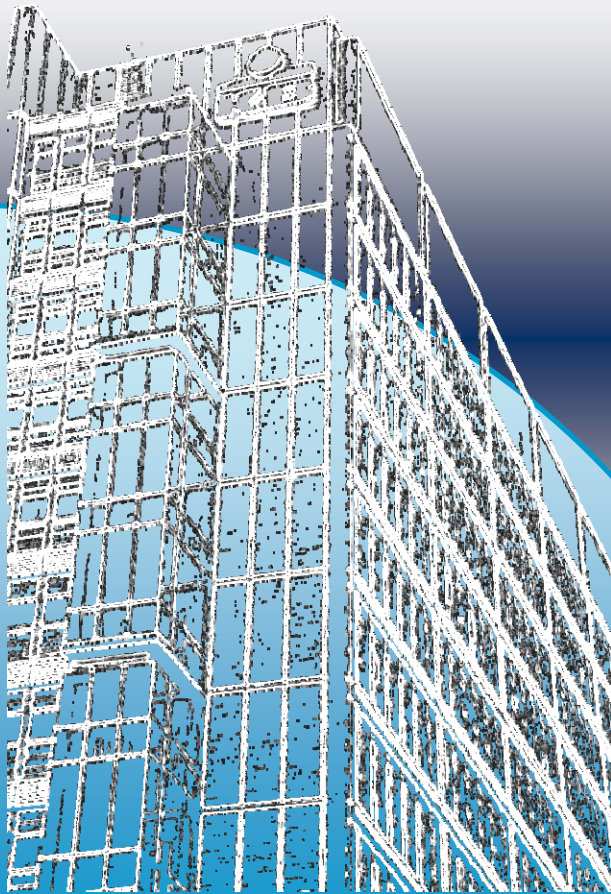
# Kredyt Bank S.A. Group

## Financial Results for 1 Q 2011

Investor Relations Office



Warsaw, **May 12, 2011**



Highlights

Analysis  
of results,  
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## Highlights - a part of impaired retail loans portfolio sale and costs of risk decrease

- Net profit is equal to PLN 134,0 mln in 1Q'11 vs PLN 59,6 mln as at the end of 1Q'10 and PLN 57,1 mln in 4Q'10 (increase by 125,9% and 134,7 respectively).
- Positive impact on the 1Q'11 financial results of a part of non performing consumer loans portfolio sale. The said transaction increased net profit by PLN 51 mln. Net profit for the 1Q'11 excluding the influence of one-off transactions amounted to PLN 82,5 m
- Costs of credit risk in 1Q'11 excluding the influence of the portfolio sale transaction at the level 0,91%, comparing to 1,29% in 1Q'10.
- Increase of liabilities due to customers in 1Q'11 by PLN 1,0 bln (increase by 4,0% comparing to 4Q'10 and by 8,9% y/y). Loans / Deposits ratio as of the end of 1Q'11 amounted to 101,7% vs. 106,0% as of the end of 4Q'10 (improvement by 4,3 p.p.).
- CAR at the level of 12,2% as of the end of 1Q'11 in comparison with 12,4% as of the end of 1Q'10 and i 12,5% as at 4Q'10.



## Sale of a part of non performing retail receivables portfolio

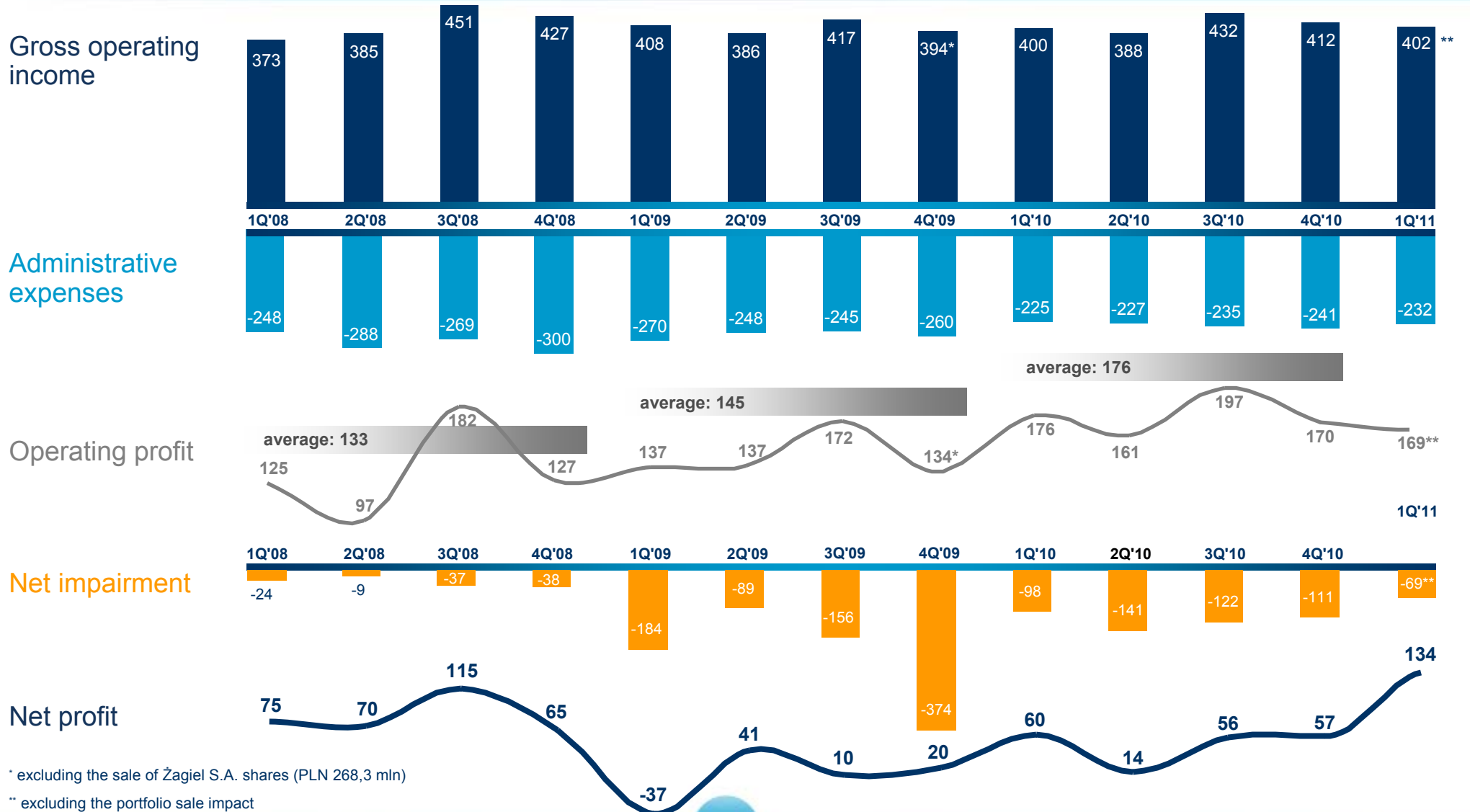
- April 26, 2011 – Kredyt Bank S.A. and BEST III Niestandardyzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty („Best III NSFIZ”) signed the agreement on the sale of receivables.
- The agreement provides for the sale of the non performing retail receivables portfolio with the nominal value as of March 31, 2011, equal to PLN 1 169,7 mln (capital, interests, other receivables).
- The impact of the transaction was booked in the 1Q’11 in line with IAS 39, according to which the calculation of impairment is performed on the basis of future cash flows estimation, taking into account all the data currently available (in particular including the information on the price offered for the portfolio).

Impact of the transaction on the results of the 1Q’11 (in PLN ths.)	1Q’11
NII	-4 313
Impairment	+80 445
Gross profit	+76 132
Income tax	-24 625
Net profit	+51 507



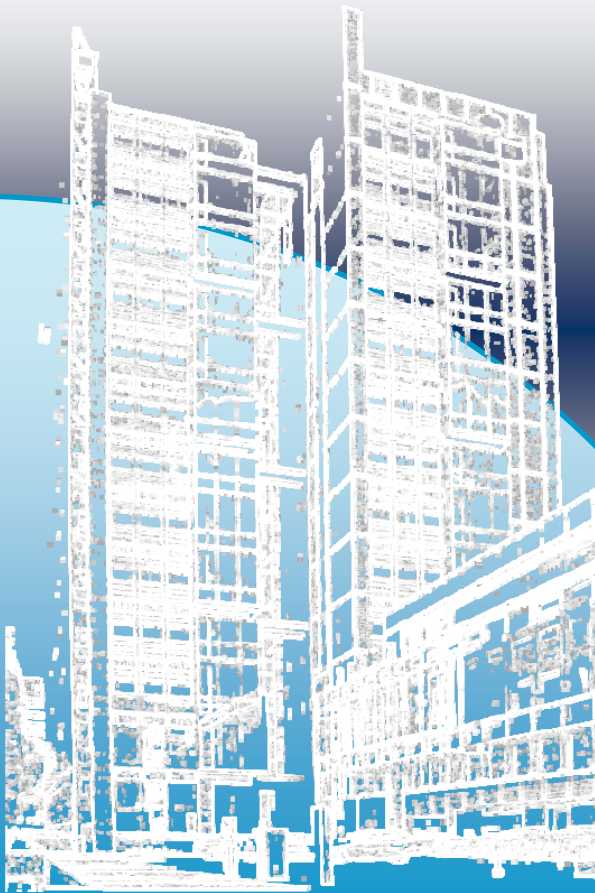
# Income statement - trends

in PLN mln



\* excluding the sale of Żagiel S.A. shares (PLN 268,3 mln)

\*\* excluding the portfolio sale impact



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## Financial highlights - ratios

in PLN mln	I Q 2011	IV Q 2010	I Q 2010	2011-2010 pp / %
Cost/Income (quarterly)	58,5%	58,6%	56,2%	2,3
ROE (cumulatively)	9,2%	6,9%	5,0%	4,2
Loans/ Deposits	101,7%	106,0%	102,5%	-0,9
Loans/ Deposits (adjusted) <sup>1</sup>	67,8%	70,5%	68,1%	-0,3
CAR	12,2%	12,5%	12,4%	-0,2
FTSs (tys.)	4 897	4 834	4 830	1,4%
Number of branches - KB	375	381	388	-3,4%

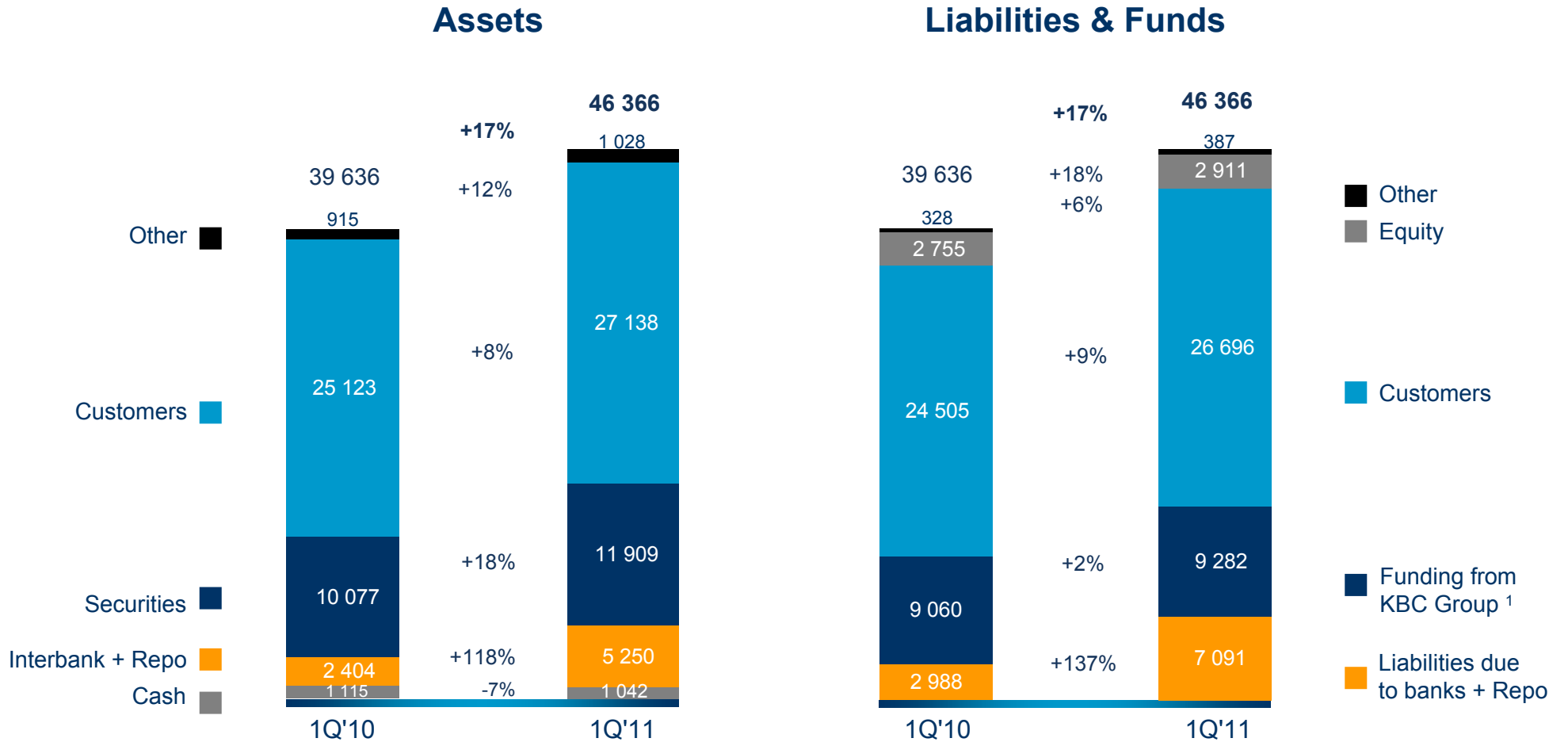
<sup>1</sup> Net customer loans excluding FX customer loans financed by KBC Group / customer deposits





# Balance sheet breakdown

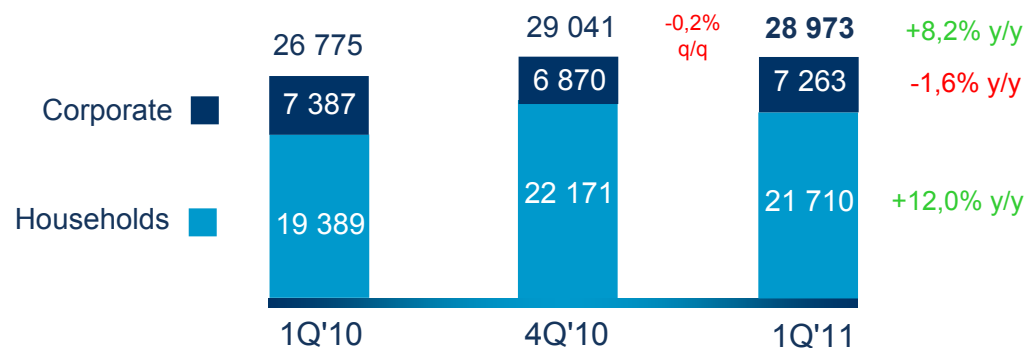
in PLN mln



<sup>1</sup> Funding from KBC Group = loans and interbank deposits from KBC Group entities (FX and PLN)



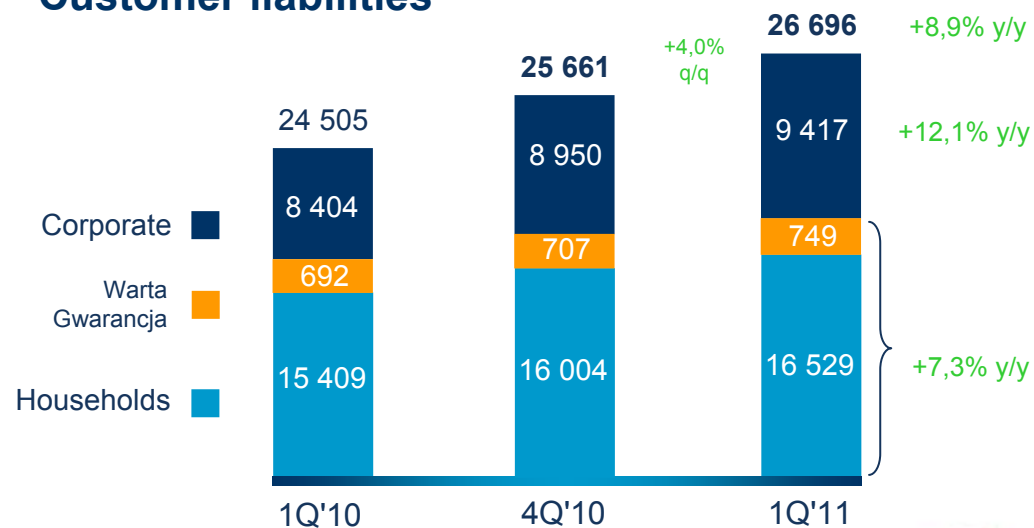
## Customer loans<sup>1</sup>



## KB market share - loans<sup>2</sup>

	1Q'10	4Q'10	1Q'11
Total loans	3,8%	3,7%	3,6%
Household loans	4,6%	4,6%	4,5%
Corporate loans	2,6%	2,2%	2,8%

## Customer liabilities<sup>1</sup>



## KB market share - deposits<sup>2</sup>

	1Q'10	4Q'10	1Q'11
Total deposits	3,6%	3,5%	3,5%
Household deposits <sup>3</sup>	3,9%	3,7%	3,7%
Corporate deposits	3,2%	3,1%	3,0%

<sup>1</sup>Loans, liabilities gross, end of period, consolidated

<sup>2</sup> NBP segmentation – residents only, bank statutory

<sup>3</sup> combined with insurance linked deposit Warta Gwarancja



## Financial highlights - P&L

in PLN mln	I Q 2011	IV Q 2010	I Q 2010	Δ y/y mln	Δ y/y
NII + NFC	365,4	386,2	357,0	8,4	2,4%
Gross operating income	397,4	411,8	400,4	-3,0	-0,8%
Administrative expenses	-232,3	-241,4	-224,9	-7,4	3,3%
Operating profit	165,1	170,4	175,6	-10,5	-6,0%
Impairment	11,5	-111,4	-97,6	109,1	-111,8%
<b>Net profit</b>	134,0	57,1	59,6	74,5	125,0%



## Financial highlights - P&L (one off transaction excluded)

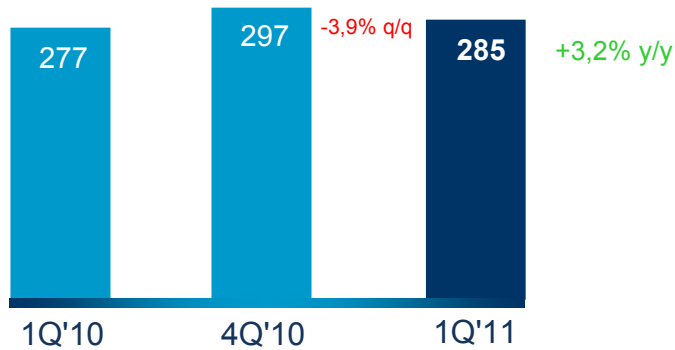
in PLN mln	I Q 2011	IV Q 2010	I Q 2010	Δ y/y mln	Δ y/y
NII + NFC	369,7	386,2	357,0	12,8	3,6%
Gross operating income	401,7	411,8	400,4	1,3	0,3%
Administrative expenses	-232,3	-241,4	-224,9	-7,4	3,3%
Operating profit	169,4	170,4	175,6	-6,2	-3,5%
Impairment	-69,0	-111,4	-97,6	28,6	-29,3%
<b>Net profit</b>	<b>82,5</b>	<b>57,1</b>	<b>59,6</b>	<b>22,9</b>	<b>38,6%</b>



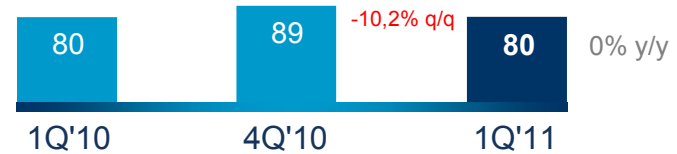
# Net interest, net fees and commissions

in PLN mln

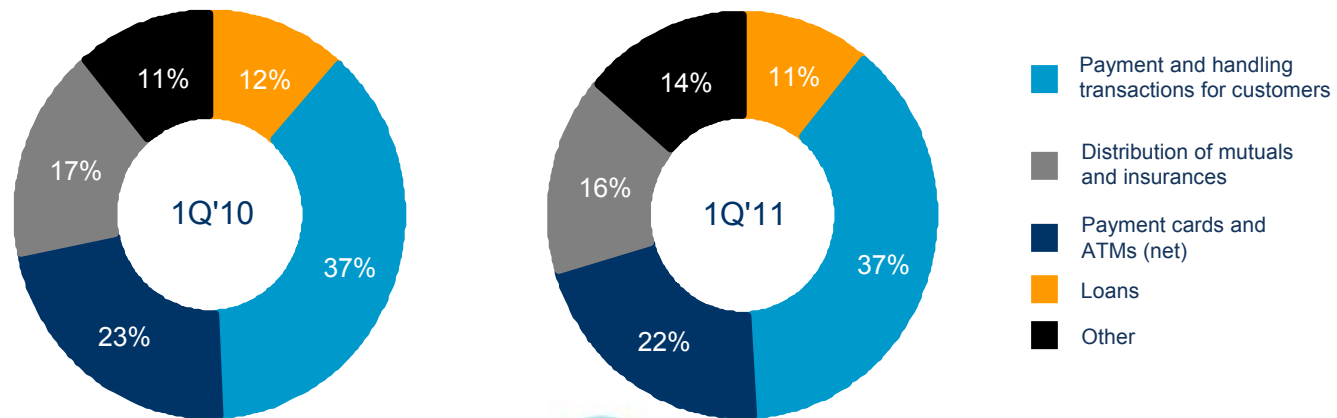
## NII



## NFC



## F&C (income structure)

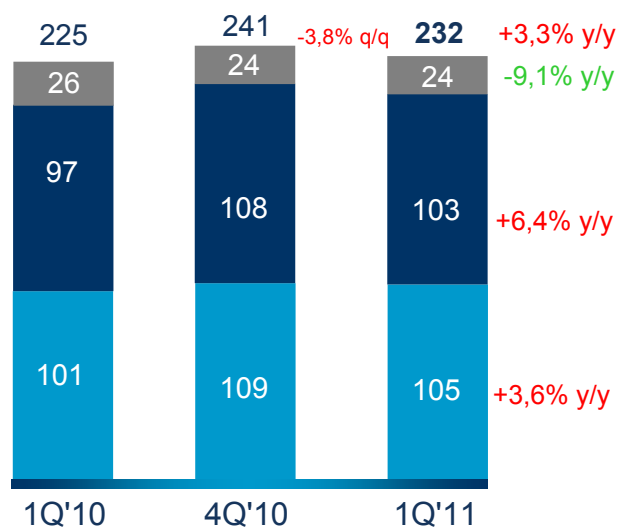




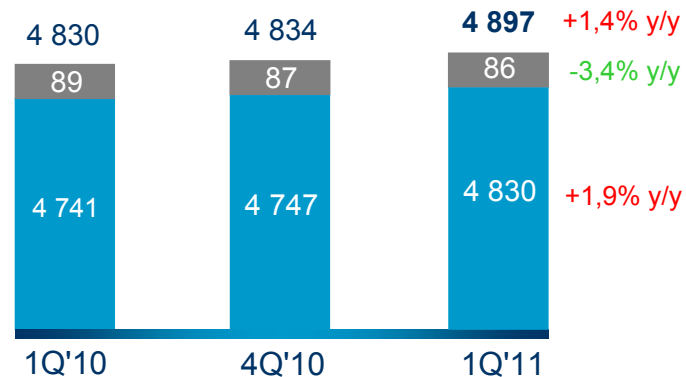
# Administrative expenses

in PLN mln

## Administrative expenses



## FTEs

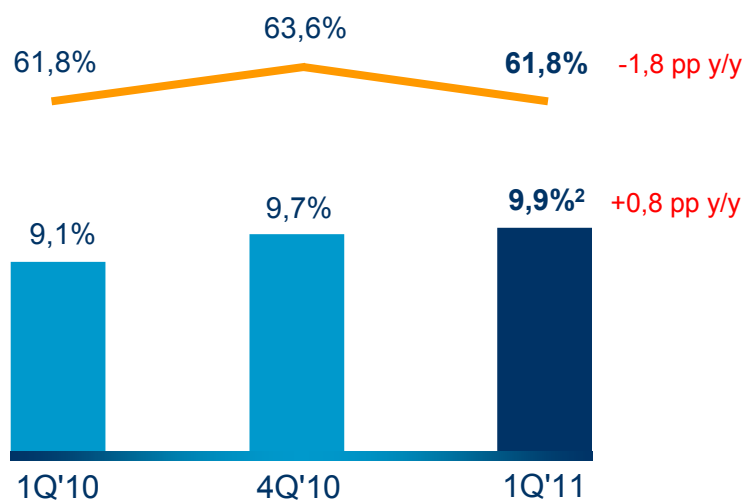


■ HR ■ NHR ■ depreciation

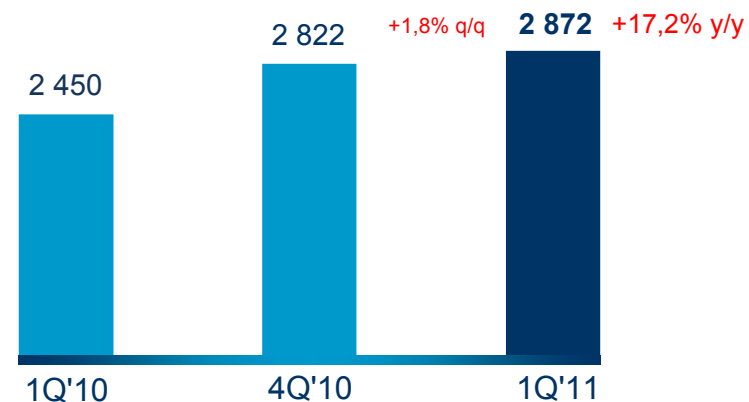
■ Kredyt Bank ■ subsidiaries

## Impaired loans/ gross loans<sup>1</sup>

coverage ratio



## Impaired loans - volume



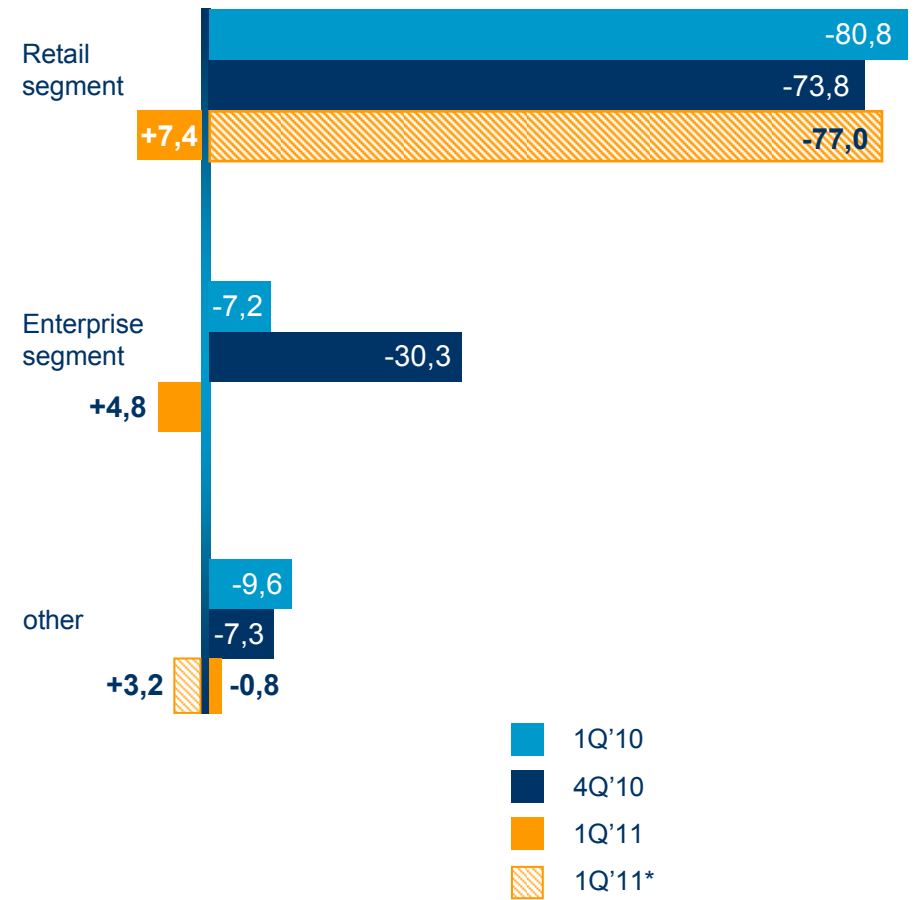
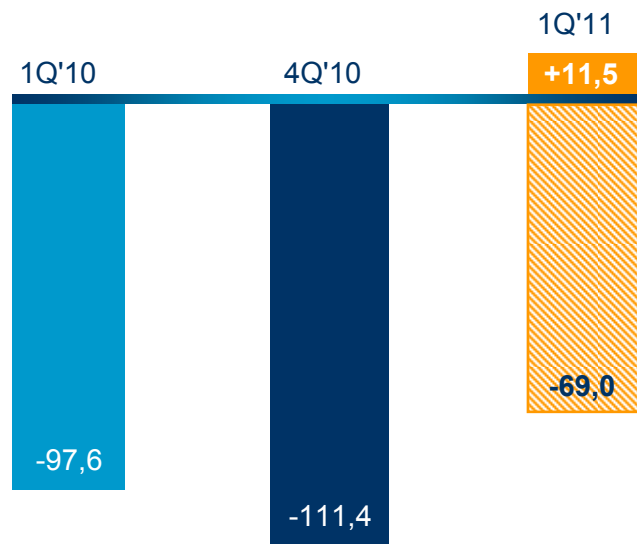
<sup>1</sup> On customers' portfolio basis, banks excluded

<sup>2</sup> Incorporation of the portfolio sale transaction impact will improve the ratio by c.a. 2.5 - 3 pp



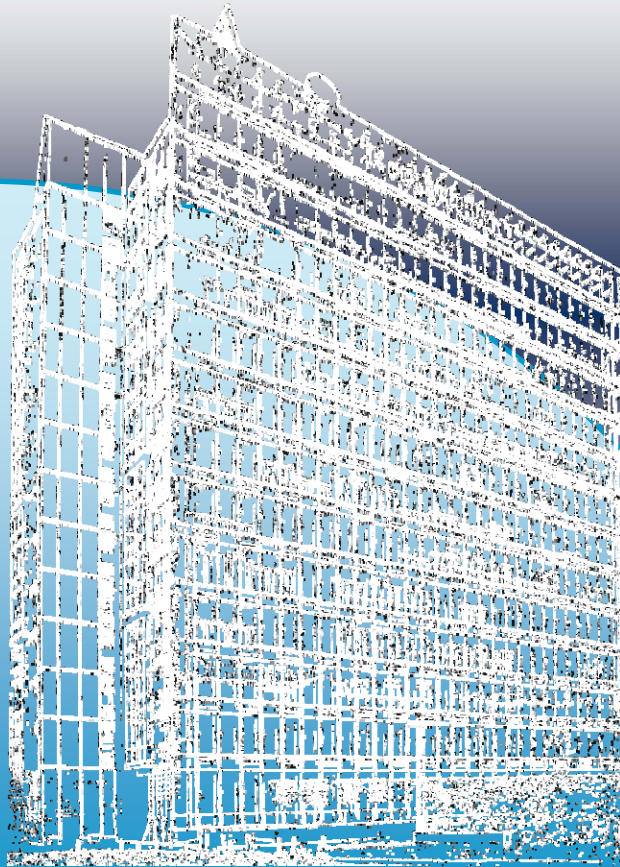
# Net impairment – breakdown by segments

in PLN mln



\*excluding a part of impaired retail portfolio sale





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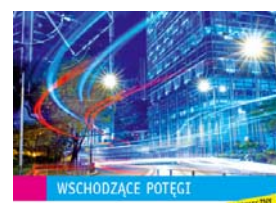
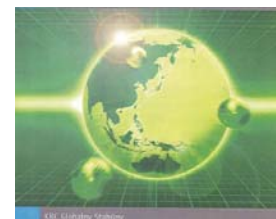
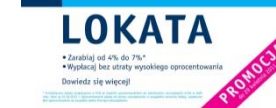
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Appendix



# Retail banking – sale activity – deposit, investment, insurance products

- Continuation of deposits collection strategy and its conversion to investment funds. **In 1Q'11 the deposit base increased by PLN 720 mln (individuals)**. Spring promotion was launched in February for the owners of saving account, (higher interests from new financial means). Campaign promoting progressive deposits took place in March.
- The sale of **Saving Account Maximus** (which was introduced in December) was strengthened with welcome packages dedicated for the affluent and Private banking customers. Account rewards customers for maintaining the balance on the declared level with additional interests. The product is designed to increase the loyalty of customers who own the highest liquidity financial means. As of the end of March **almost 5 thousand of affluent customers** benefited from this offer, the assets collected were equal to **more than PLN 1,2 bln**.
- The market share of **KBC TFI S.A.** in the market of capital protected investment funds (assets under management) as of the end of 1Q'11 amounted to **54%**. In 1Q'11, inter alia:
  - **PLN 81 mln** was acquired within the subscriptions of **closed investment funds**, including **PLN 40 mln** for foreign funds (Kupon 5 i Kupon 6) and **PLN 41 mln** for FIZ Progresja,
  - the sale of **open investment funds** was continued. It amounted to **PLN 141 mln** (including two new subfunds investing on foreign markets: Globalny Akcyjny i Globalny Stabilny).
- High sale of investment insurances was maintained: **Investment insurance Profit Plan** – in 1Q'11 more than **PLN 102 mln** totally and new 3.5 year investment programs „**Solidny Pakiet**” i „**Wschodzące Potęgi**” - in total **PLN 61 mln**.
- Good start of brand new **Individual Saving Insurance** with regular premium „**Stable Future**” – 600 of agreements were signed within 1Q'11.
- Within 1Q'11 **6 subscriptions of structured deposits** based on EUR/PLN exchange rate for the affluent and Private Banking customers were launched. The amount of **PLN 220 mln** was collected – almost 3 times more comparing to 4Q'10. Until now 80% of all structured deposits generated profits for the customers.
- New offer of Ekstrakonto – Profiles: in case of 26% of the customers the conversion led to an increase in the number of products. After the conversion average profitability on the customer increases on average by 26%.



## Mortgage loan

- Offer improvement in 1Q'11 - high ranks in the rankings of financial portals:
  - mortgage loans – extension of the credit maturity up to 40 years, financing up to 100% in EUR and PLN, more favourable pricing conditions,
  - mortgage secured loans – extension of the loan maturity up to 25 years, LTV up to 70%, growth of sales amounted to 120%.
- Centralisation and optimisation of loan applications evaluation process - „Money on time”,
- Creation of mortgage advisors dedicated network in Retail division,
- Development of co-operation with key financial brokers:
  - rapid increase of brokers' applications in the share of production - from 8% in January to 23% in April,
  - very positive feedback from brokers on the new offer and process.



### Spełnij marzenia o własnym domu!

- Kredyt mieszkaniowy Ekstralokum teraz jeszcze korzystlejszy:
- atrakcyjna marża – już od 1,3 p.p.\* dla kredytów w PLN oraz od 1,8 p.p.\* dla kredytów w EUR
  - finansowanie do 100% wartości nieruchomości
  - długi okres kredytowania – do 40 lat
- Przekonaj się sam!
- [www.kredytbank.pl](http://www.kredytbank.pl)
- KB**  
Aby bezpłatnie spełnić marzenia

## Cash loan

- more than 4.200 of loans, amounting totally to PLN 46,8 mln were granted to present as well as new customers within the framework of promotional campaign „Feel the spring”, which took place in late March and April,
- insurances to loans – comparing to the 1Q'10:
  - growth of sales amounted to 120%,
  - the insurance penetration level was increased more than 3 times.



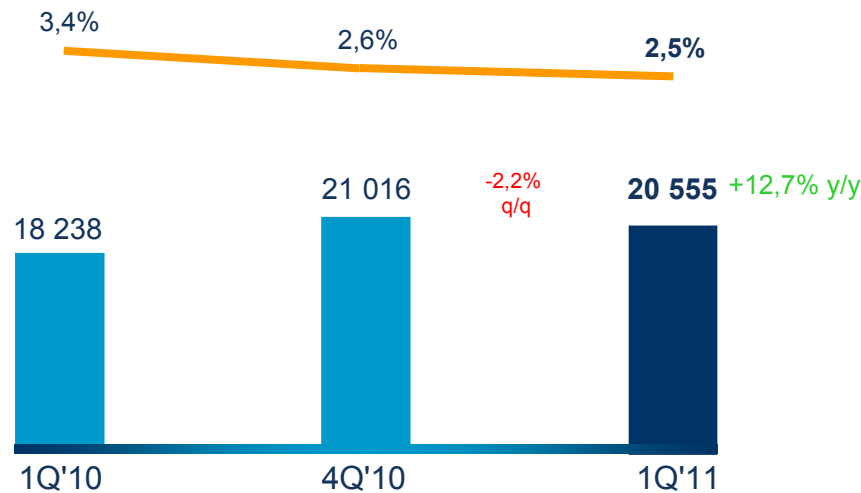


# Retail banking performance

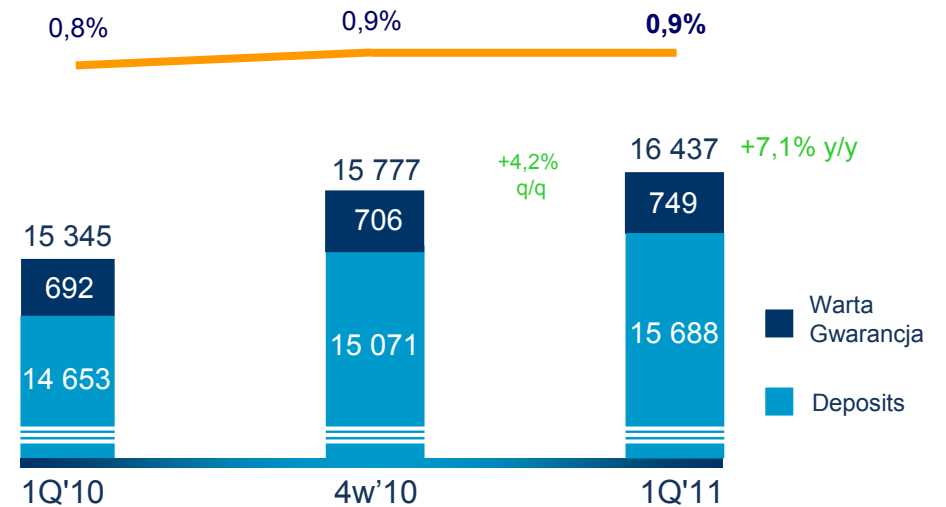
in ths. / in PLN mln

	1kw'10	4kw'10	1kw'11
Number of clients <sup>1</sup>	1 080	1 096	1 098

## Retail loans<sup>1</sup>, margin



## Retail deposits<sup>1</sup>, margin



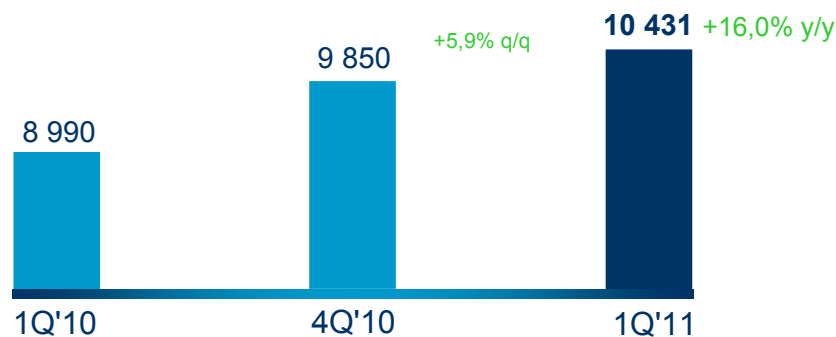
<sup>1</sup> retail segment customers, data according to internal segmentation, after resegmentation performed in the 1Q'10, loan portfolio includes Zagieli brokerage channel



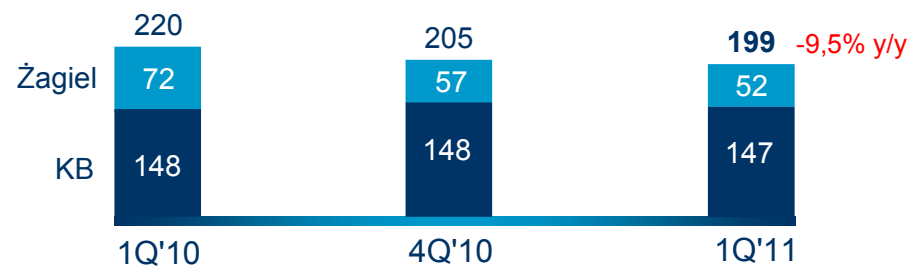
# Retail banking - products

in ths. / in PLN mln

## Saving accounts - volume

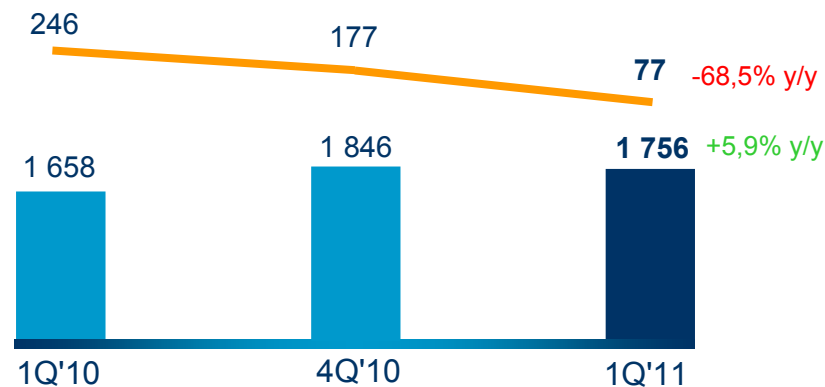


## Credit cards in use - quantity



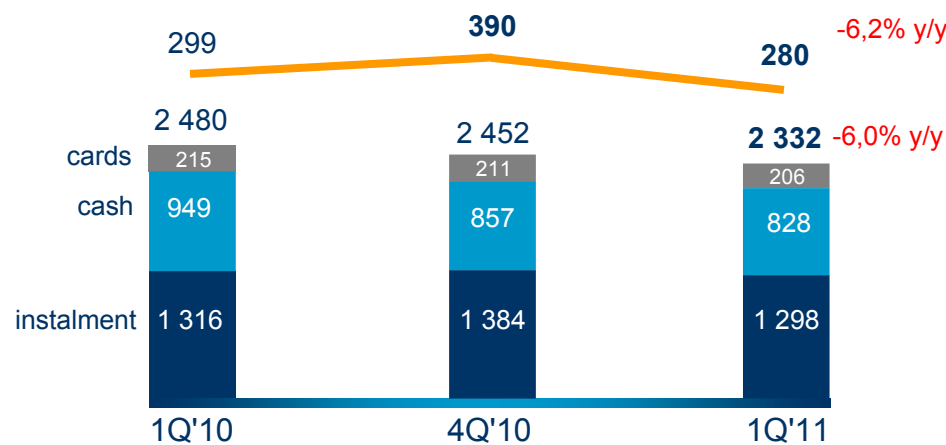
## Cash loans & credit cards – bank's network

Quarterly sale of cash loans



## Loans granted by Żagiel<sup>1</sup> - portfolio

Quarterly sale



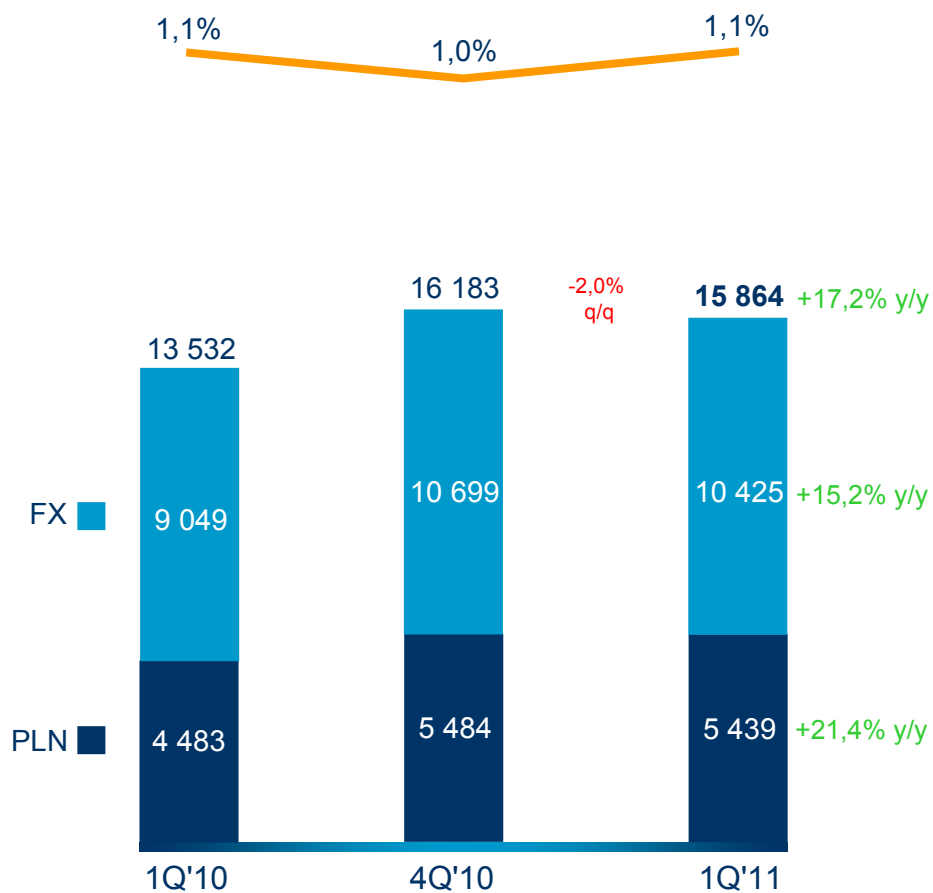
<sup>1</sup> portfolio by products split – estimation based on MIS



# Retail banking - mortgage loans

in PLN mln

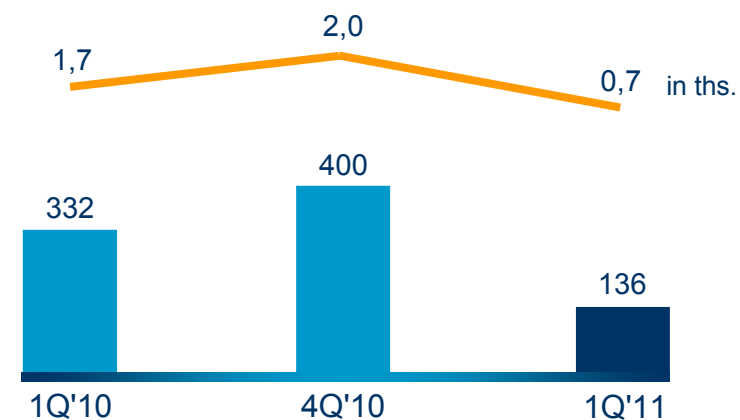
## Mortgage loans – portfolio, margin



## KB market share

	1Q'10	4Q'10	1Q'11
Total	6,2%	6,0%	5,8%
PLN	5,5%	5,3%	5,0%
FX	6,6%	6,5%	6,4%

## Mortgage loans – quarterly sale

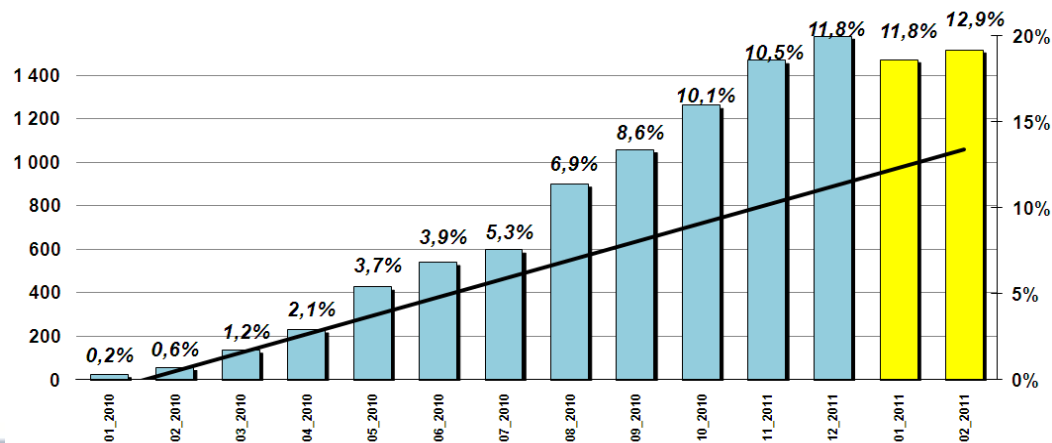




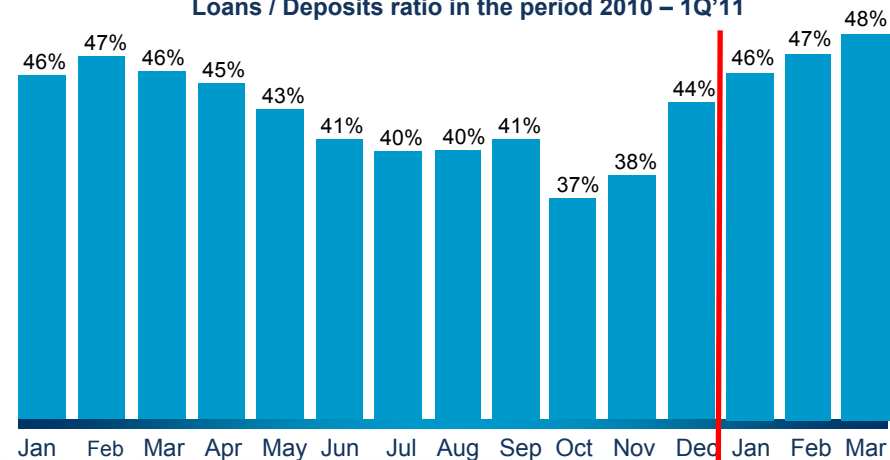
## • SME Subsegment

- Continuation of the success in the area of attracting new clients, acquisition as a one of the main business drivers:
  - in 1Q'11 we gained 550 of new customers; the said result was better than previous one by 11% (55 customers)
  - income gained from the customers acquired during 2010 as well as in January and February 2011 constituted 12.9% of income of the whole SME business line.
- growth of income +19% (1Q'11/ 1Q'10),
- growth of fees and commissions +14% (1Q'11/ 1Q'10),
- growth of loans and deposits balances as well as leasing transactions, significantly higher than market,
- trade finance products, growth by 59% (1Q'11/ 1Q'10)

Net results excluding net impairment – the share of new SME customers



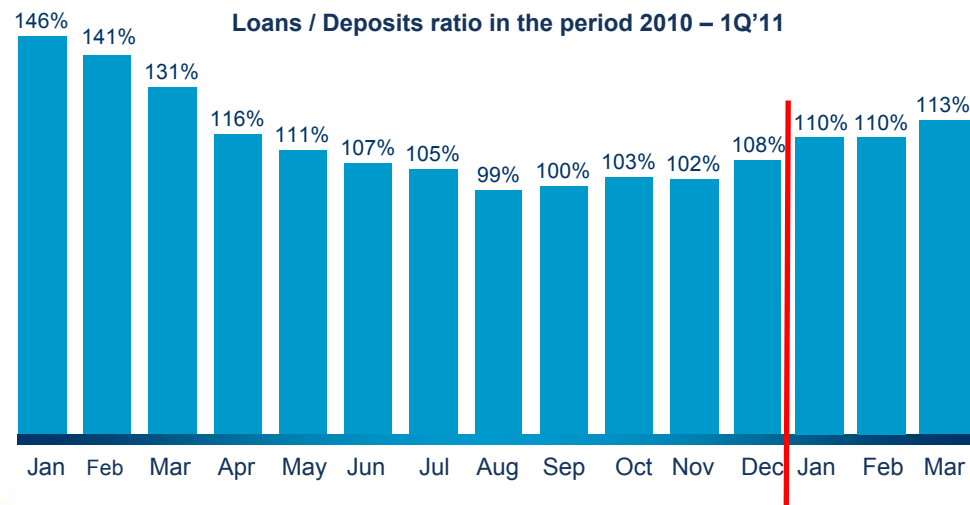
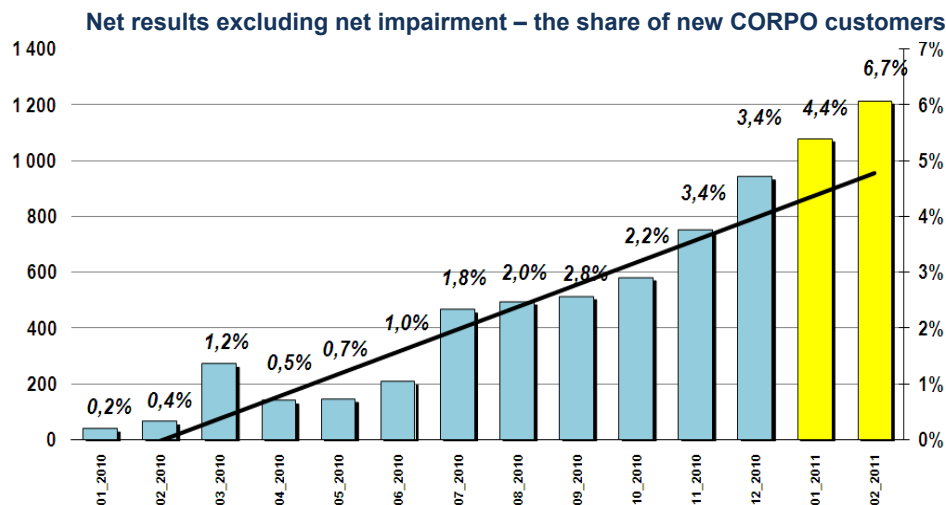
Loans / Deposits ratio in the period 2010 – 1Q'11





- **Enterprise subsegment**

- improvement of the capital usage efficiency:
  - reduction of large, unprofitable credit exposures,
  - improvement of Loans/Deposits ratio - ca. 110% in 1Q'11 (comparing to ca. 140% in 1Q'10),
  - increase of income by 4% in 1Q'11 vs. 1Q'10 despite the reduction of assets,
- acquisition of 153 new clients, income gained from the customers acquired during 2010 as well as in January and February 2011 constituted 6,7% of the whole Enterprise subsegment income,
- growth of fees and commissions +6% (1Q'10/1Q'11)
- loan impairment in 1Q'11 in line with budget,
- growth of loans and deposits balance as well as new leasing transactions, higher then market,
- trade finance products, growth by 35% (1Q'11/1Q'10)



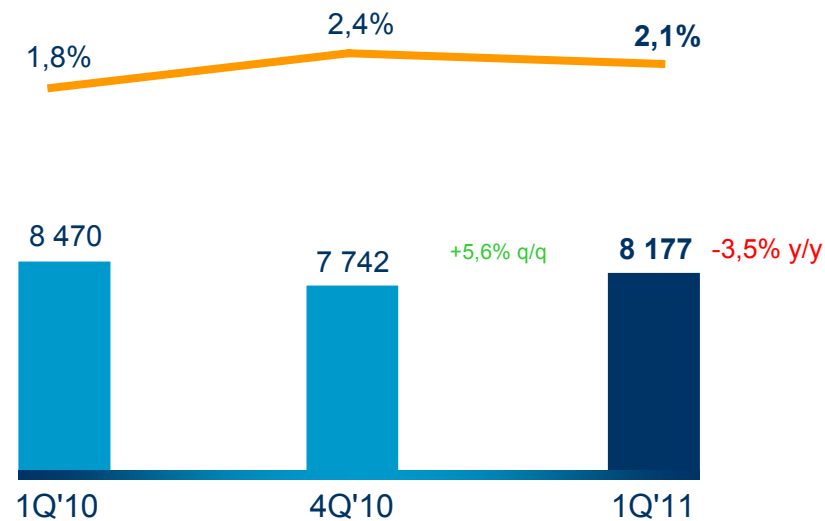


# Enterprise banking performance

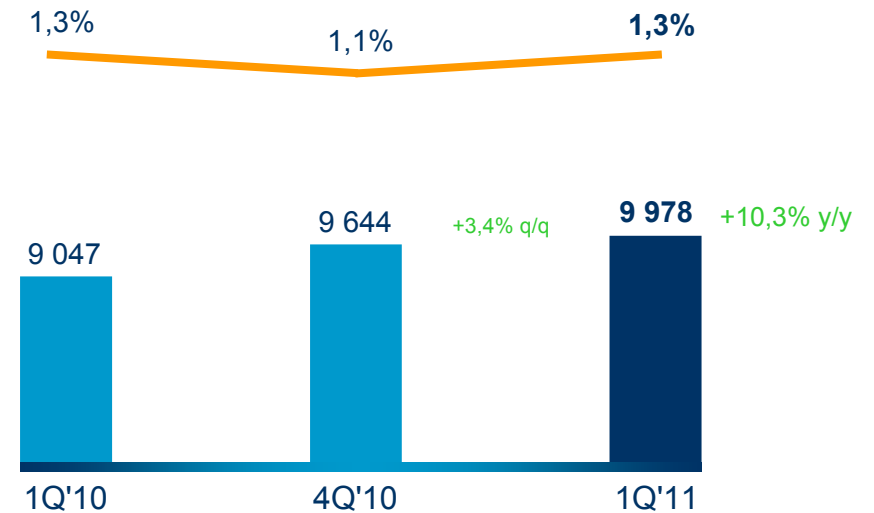
in PLN mln

	1kw'10	4kw'10	1kw'11
Number of clients <sup>1</sup>	17 409	18 481	18 603

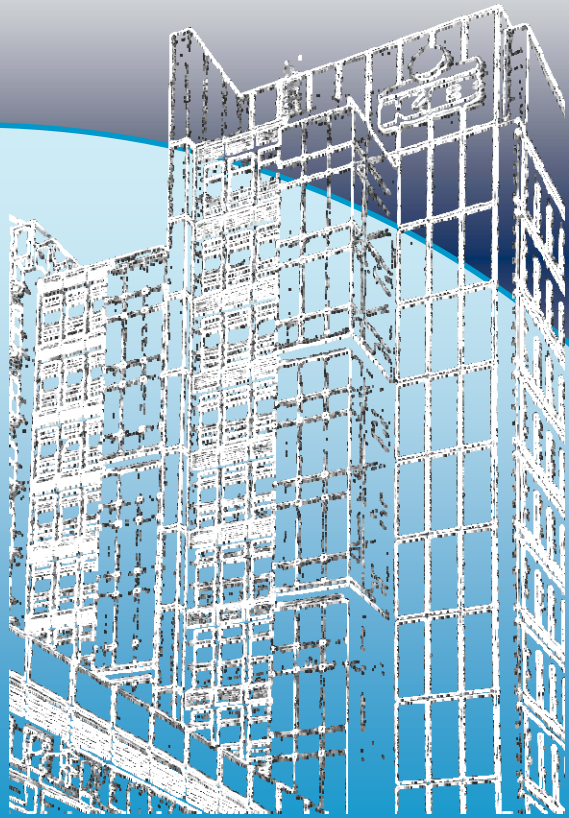
## Corporate loans<sup>1</sup>, margin



## Corporate deposits<sup>1</sup>, margin



<sup>1</sup> Data according to the Bank's current internal segmentation, after resegmentation performed in the 1Q'10.



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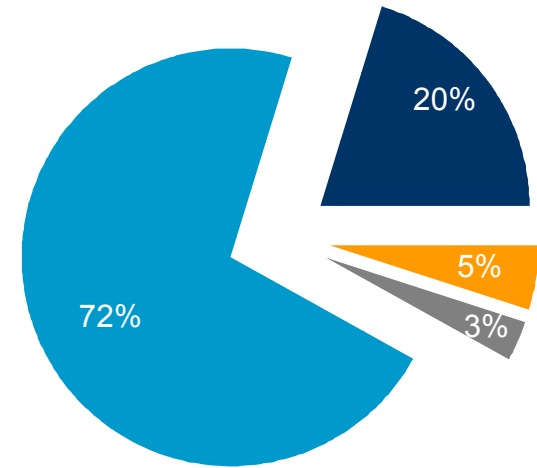
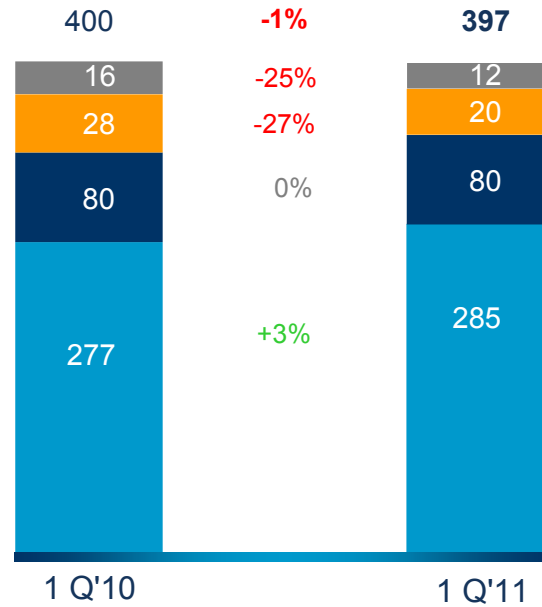
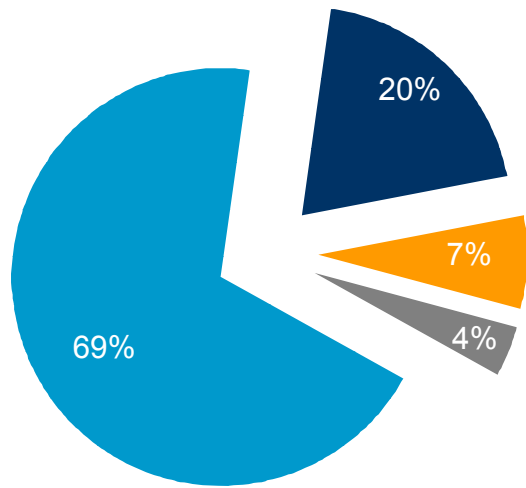
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Appendix



# Gross operating income breakdown

in PLN mln



■ NII

■ NFC

■ Net financial operations

■ Other



## Administrative expenses

in PLN mln	1Q'11	4Q'10	1Q'10	Δ y/y mln	Δ y/y
<b>HR costs:</b>	<b>105,1</b>	<b>108,6</b>	<b>101,4</b>	<b>+3,7</b>	<b>+3,6%</b>
<b>Operating expenses, including:</b> (inter alia)	<b>103,3</b>	<b>108,4</b>	<b>97,1</b>	<b>+6,2</b>	<b>+6,4%</b>
Taxes and fees	25,7	21,7	21,9	+3,8	+17,5%
Costs of buildings rental	21,0	21,3	20,7	+0,3	+1,5%
IT and telecommunication costs	19,2	20,5	16,0	+3,2	+20,3%
Costs of consultancy and specialist services	7,0	5,7	4,9	+2,1	+43,2%
Postal charges	6,4	7,4	7,3	-0,9	-12,5%
<b>Depreciation</b>	<b>24,0</b>	<b>24,5</b>	<b>26,4</b>	<b>-2,4</b>	<b>-9,1%</b>



## Balance sheet

<b>Assets</b> in PLN mln	<b>1Q'11</b>	<b>1Q'10</b>	<b>Δ mln</b>	<b>Δ %</b>
Cash and balances with Central Bank	1 042	1 115	-74	-7%
Amounts due from banks and financial assets at fair value	5 250	2 404	2 846	118%
Loans to customers	27 138	25 123	2 015	8%
Investments in securities	11 909	10 077	1 831	18%
Tangible and intangible fixed assets	548	614	-67	-11%
Other assets	480	301	179	60%
<b>Total assets</b>	<b>46 366</b>	<b>39 636</b>	<b>6 731</b>	<b>17%</b>

<b>Liabilities</b> in PLN mln	<b>1Q'11</b>	<b>4Q'10</b>	<b>Δ mln</b>	<b>Δ %</b>
Amounts due to banks	12 495	10 535	1 960	19%
Amounts due to customers	26 696	24 505	2 191	9%
Repo transactions	2 988	724	2 264	313%
Total equity including current net profit	2 911	2 755	156	6%
Subordinated liabilities	890	788	101	13%
Other liabilities	387	328	59	18%
<b>Total liabilities and equity</b>	<b>46 366</b>	<b>39 636</b>	<b>6 731</b>	<b>17%</b>



## Income statement

in PLN mln	1Q'11	1Q'10	Δ mln	Δ %
Net interest income	285	277	9	3%
Net fee and commission income	80	80	0	0%
Dividend, net trading income, profit (loss) from investment activities	20	28	-8	-27%
Other operating income and expenses	12	16	-4	-25%
Gross operating income	397	400	-3	-1%
Total costs	-232	-225	-7	3%
Operating profit	165	176	-10	-6%
Net impairment charges for financial assets, other assets and provisions	11	-98	109	-112%
Share of profits of associates	1	1	0	24%
Profit before tax	177	79	99	126%
Income tax	-43	-19	-24	127%
<b>Net profit</b>	<b>134</b>	<b>60</b>	<b>74</b>	<b>125%</b>





## Financial highlights – P&L (quarterly)

in PLN mln	1Q'11	4Q'10	3Q'10	2Q'10	1Q'10
NII + NFC	365,4	386,2	367,7	346,8	357,0
NII + NFC - one-off transaction excluded	369,7	386,2	367,7	346,8	357,0
Gross operating income	397,4	411,8	431,5	387,8	400,4
Gross operating income - one-off transaction excluded	401,7	411,8	431,5	387,8	400,4
Administrative expenses	-232,3	-241,4	-234,8	-227,0	-224,9
Operating profit	165,1	170,4	196,8	160,8	175,6
Operating profit - one-off transaction excluded	169,4	170,4	196,8	160,8	175,6
Impairment	11,5	-111,4	-121,6	-141,4	-97,6
Impairment - one-off transaction excluded	-69,0	-111,4	-121,6	-141,4	-97,6
<b>Net profit</b>	134,0	57,1	55,5	13,8	59,6
<b>Net profit - one-off transaction excluded</b>	82,5	57,1	55,5	13,8	59,6



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