

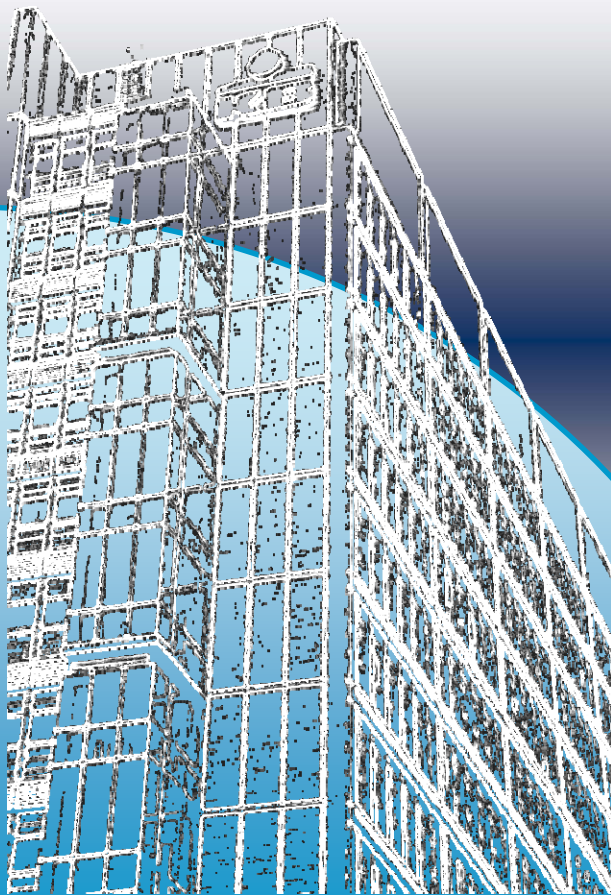
# Kredyt Bank S.A. Group

## Financial Results for 2Q 2011

Investor Relations Office



Warsaw, **August 9, 2011**



Highlights

Analysis  
of results,  
Group

Business  
lines,  
Bank

Appendix



## Headlines

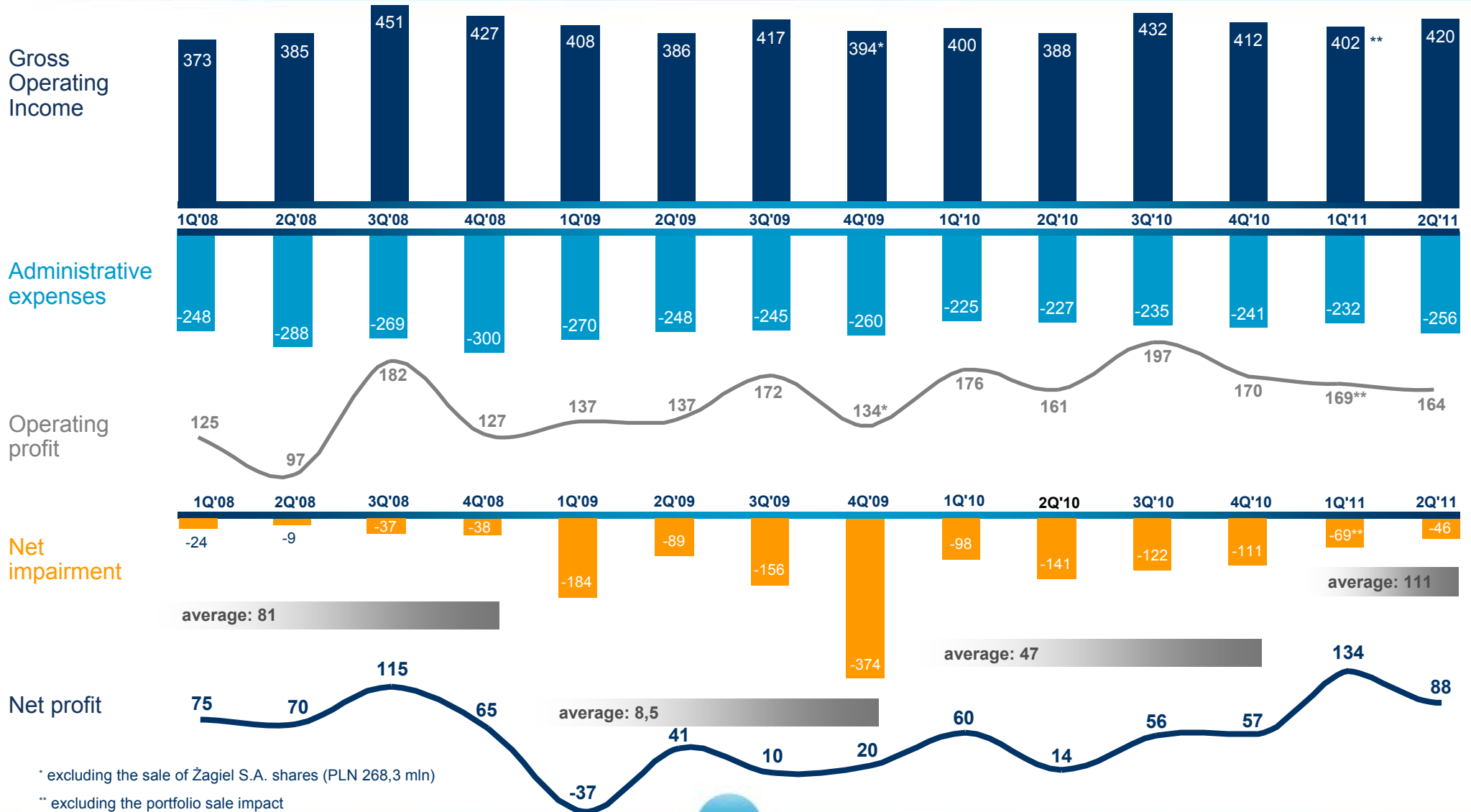
- Net profit in 1H 2011 amounted to PLN 221,9 mln vs PLN 73,3 mln in 1H 2010 (increase by 202,7%). Net profit in 2Q 2011 equal to PLN 87,9 mln vs PLN 134 mln in 1Q 2011.
- ROE ratio as of the end 2Q 2011 r. 11,8% in comparison with 3,9% as of the end 2Q 2010 (increase by 7,9 p.p).
- Decrease of credit risk cost from 145 bp in 1H 2010 to 76 bp in 1H 2011 (excluding positive influence of the receivables sale transaction)\*.
- Net interests higher by 6,7% in comparison with 1H 2010 (increase 2Q 2011 vs 1Q 2011 by 4,6%). Improvement on the y/y basis results from the increase of activities scale and improvement of deposit margin.
- Net fees and commissions higher by 3,0% vs 1H 2010 (increase 2Q 2011 vs 1Q 2011 by 1,4%), inter alia resulting from improvement of revenues from investment and insurances products distribution by 10,6%, higher fee and commissions on guarantee commitments as well as on deposit related transactions with customers.
- CAD ratio at the level 12,7% as of the end 2Q 2011 vs. 12,2% as of the end 1Q 2011 and 12,1% as of the end 2Q 2010.

\* estimation according to the Bank's internal methodology



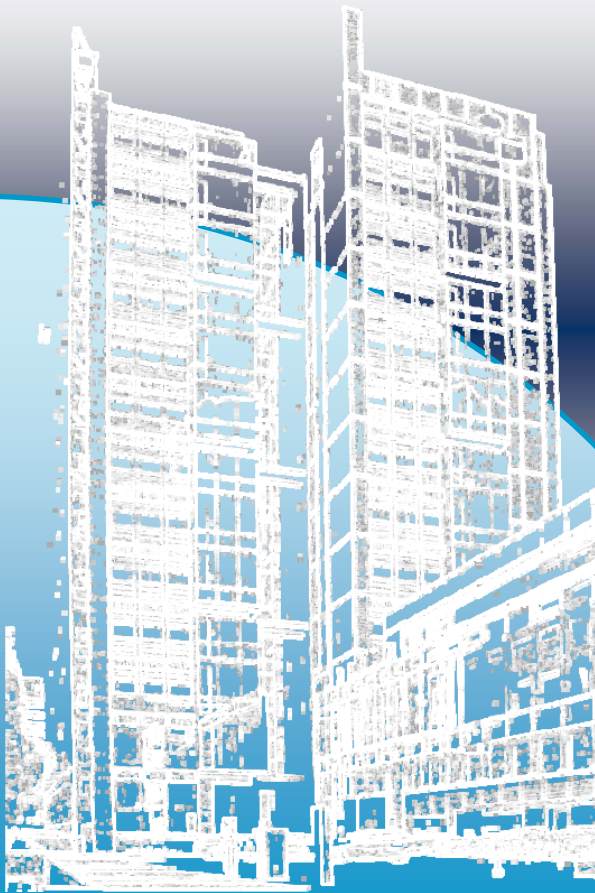
# Income statement - trends

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	II Q 2011	I Q 2011	II Q 2010	2011-2010 pp / %
Cost/Income (quarterly)	60,9%	58,5%	58,5%	2,4
ROE (cumulatively)	11,8%	9,2%	3,9%	7,9
Loans/ Deposits	104,7%	101,7%	105,1%	-0,4
Loans/ Deposits (adjusted) <sup>1</sup>	70,8%	67,8%	68,0%	2,8
CAR	12,7%	12,2%	12,1%	-0,6
FTEs (ths.)	4897	4897	4851	0,9%
Number of branches - KB	374	375	384	-2,3%

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

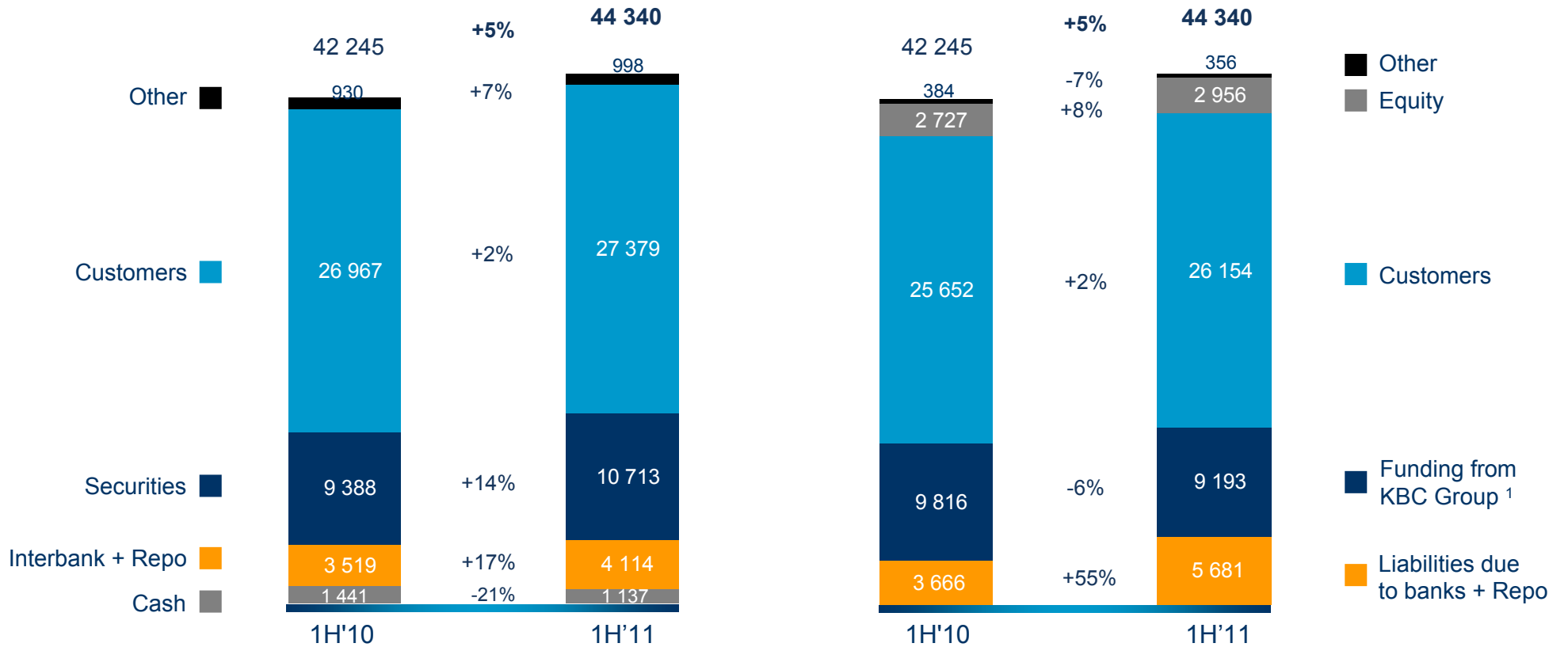


# Balance sheet breakdown

in PLN mln

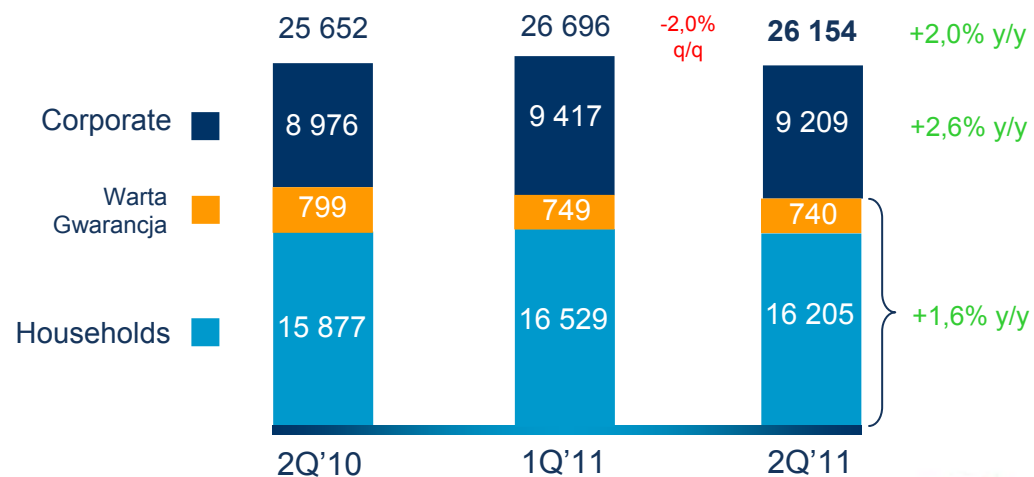
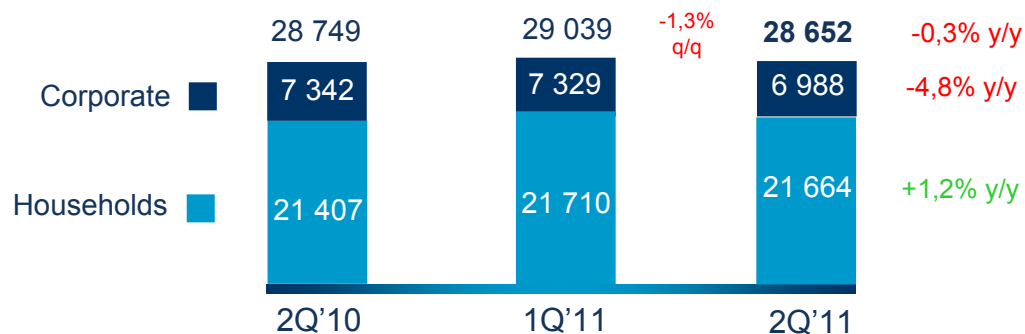
## Assets

## Liabilities & Funds



<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>

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

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

	2Q'10	1Q'11	2Q'11
Total deposits	3,7%	3,5%	3,4%
Household deposits <sup>3</sup>	3,9%	3,7%	3,7%
Corporate deposits	3,3%	3,0%	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	II Q 2011	I Q 2011	II Q 2010	Δ mln	Δ %
NII + NFC	379,7	365,4	346,8	32,9	9,5%
Gross operating income	420,3	397,4	387,8	32,5	8,4%
Administrative expenses	-256,0	-232,3	-227,0	-28,9	12,7%
Operating profit	164,4	165,1	160,8	3,6	2,2%
Impairment	-45,7	11,5	-141,4	95,7	-67,7%
<b>Net profit</b>	87,9	134,0	13,8	74,1	539,0%



## Financial highlights - P&L

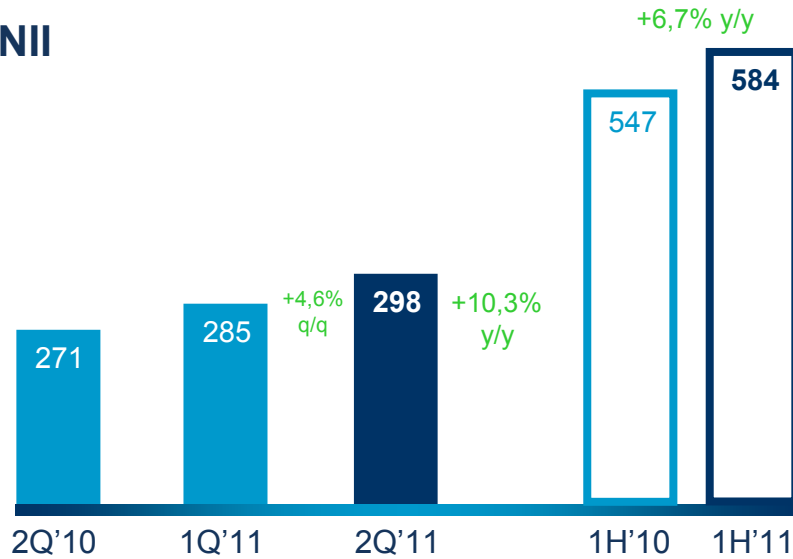
in PLN mln	I H 2011	I H 2010	Δ mln	Δ %
NII + NFC	745,1	703,7	41,4	5,9%
Gross operating income	817,7	788,2	29,5	3,7%
Administrative expenses	-488,3	-451,9	-36,4	8,1%
Operating profit	329,4	336,3	-6,9	-2,0%
Impairment	-34,2	-239,0	204,8	-85,7%
<b>Net profit</b>	221,9	73,3	148,6	202,7%



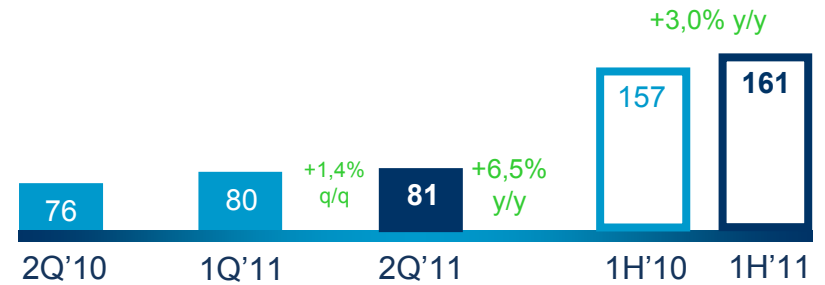
# Net interest, net fees and commissions

in PLN mln

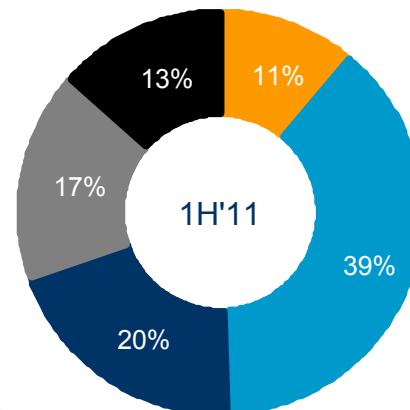
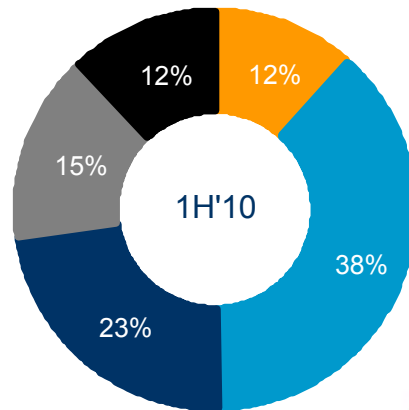
## NII



## NFC

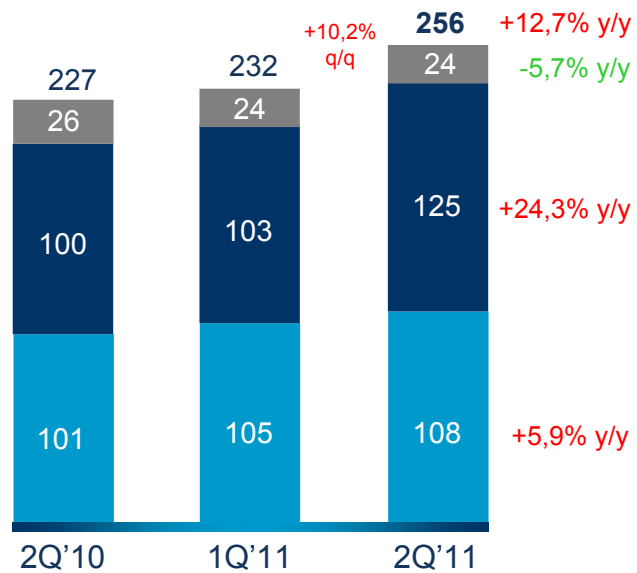


## F&C (income structure)

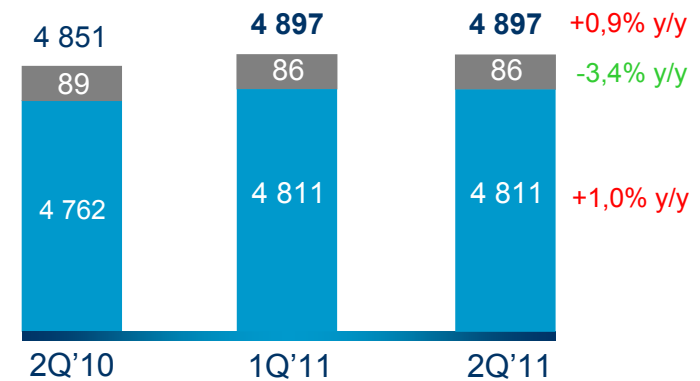


- Payment and handling transactions for customers
- Distribution of mutuals and insurances
- Payment cards and ATMs (net)
- Loans
- Other

## Administrative expenses



## FTEs



■ HR   
 ■ NHR   
 ■ depreciation

■ Kredyt Bank   
 ■ subsidiaries

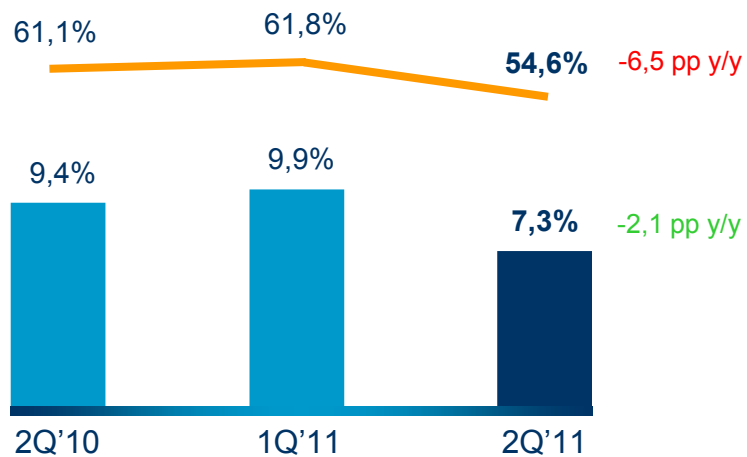


# Loans quality

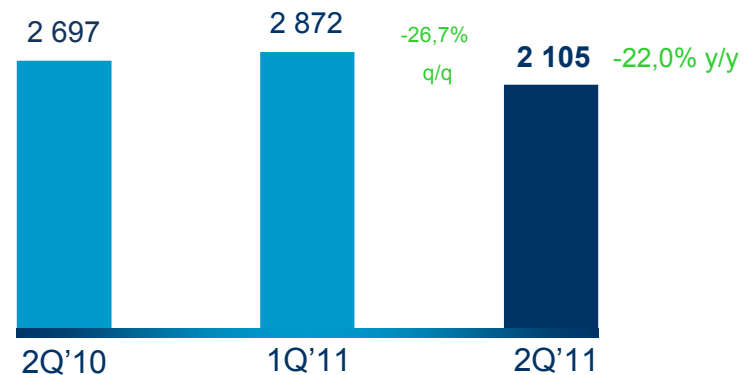
in PLN mln

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

coverage ratio



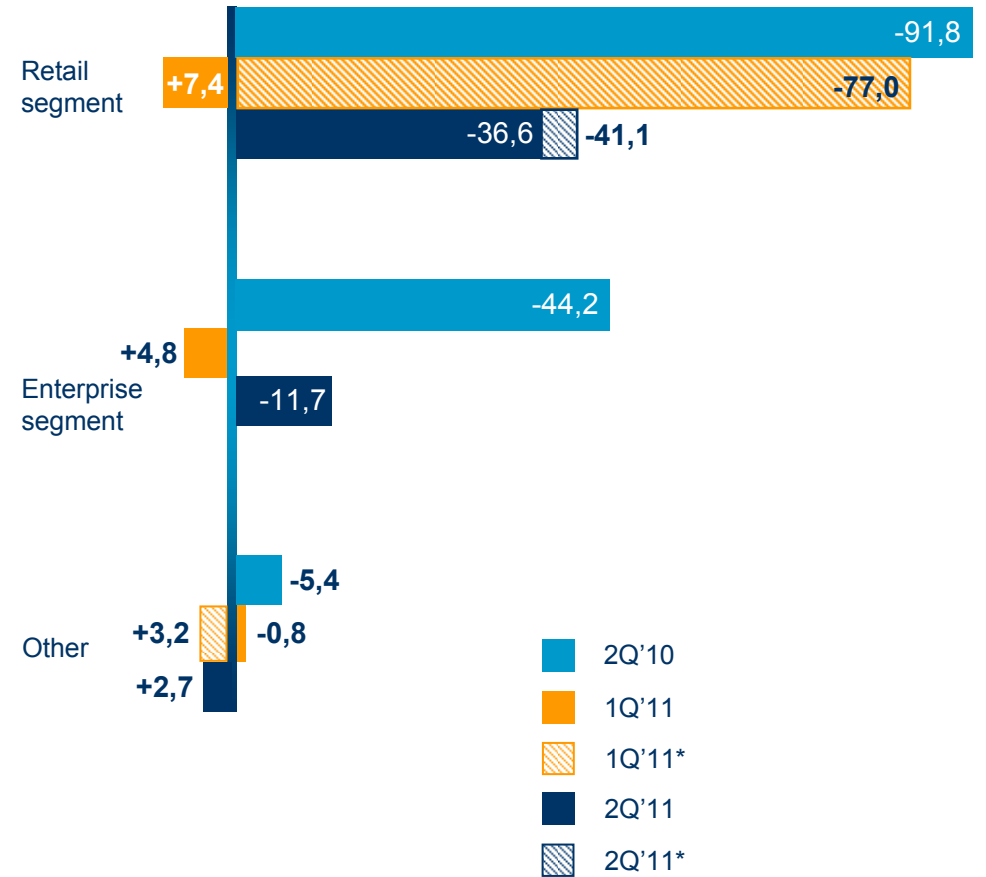
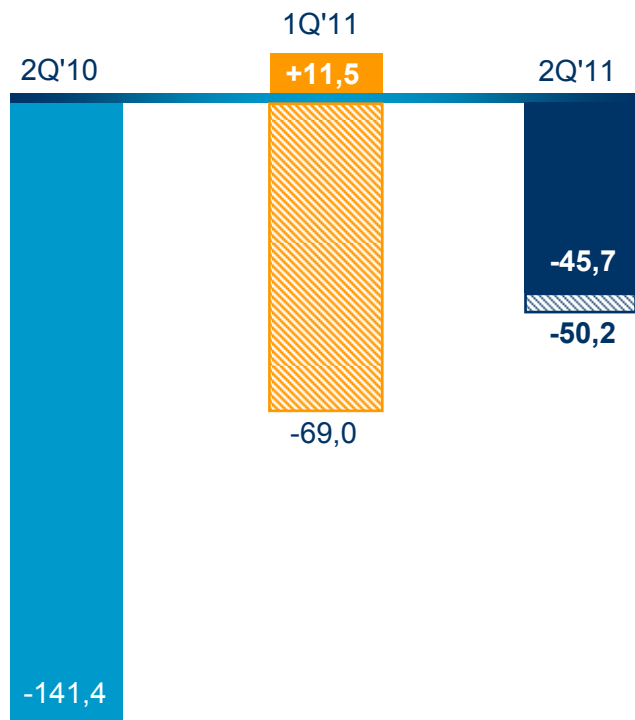
## Impaired loans - volume



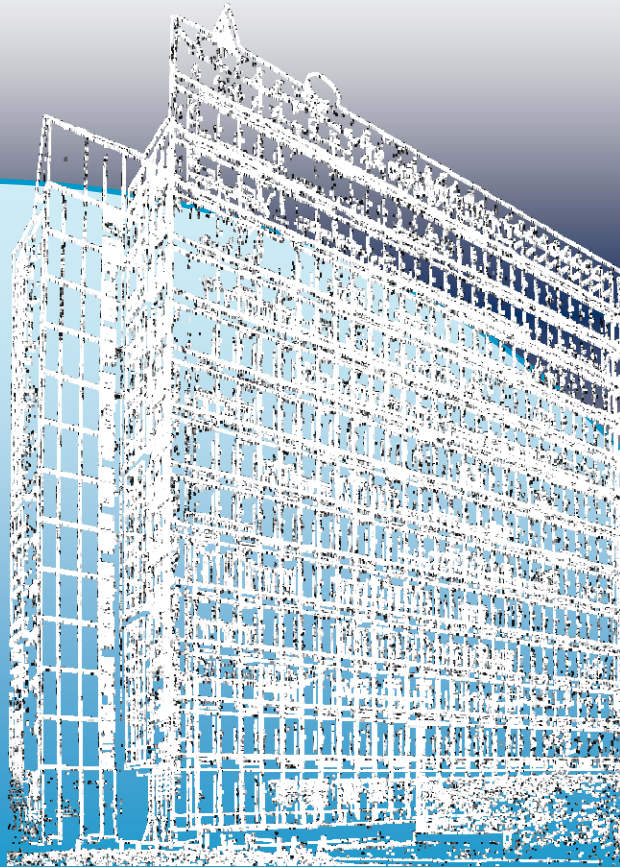
<sup>1</sup> On customers' portfolio basis, banks excluded

# Net impairment – breakdown by segments

in PLN mln



\*excluding a part of impaired retail portfolio sale



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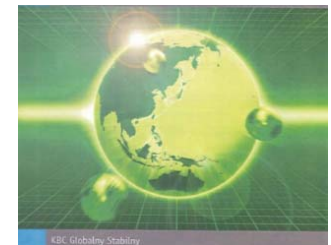
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# Retail banking – sales activity – deposit and investment products

- Kredyt Bank offers its customers, since May 23, Ekstrakonto plus – **current account with the interest rate of 7%**, with running, Internet transfers, card as well as withdrawals at all ATMs in Poland for free. The sale of Ekstrakonto Plus was supported by strong TV campaign involving **Wojciech Mann and Krzysztof Materna**. Within first five weeks of the campaign Kredyt Bank has opened 25 thousand of accounts. **The Bank opens from 800 to 1.200 of accounts daily**. This is a more than fourfold increase in sales compared to the first months of 2011. **There is also growing interest in Profiles (package of the products and services under one price), which were implemented at the end of 2010. This is offer for the existing customers.**
- Affluent customers were offered Maximus Saving Account. It is the only saving account in Poland which rewards the customers for maintaining the balance on the declared level with additional interests. It is aimed at the increase of customers' loyalty. Almost 5.5 ths. of affluent customers took advantage of this offer.
- The market share of **KBC TFI S.A.** in the market of capital protected investment funds (assets under management) as of the end of 1H 2011 amounted to **49%**. In 1H 2011, inter alia:
  - **PLN 262,9 mln** was acquired within the subscription of **closed investment funds**, including PLN 83,6 mln PLN for foreign funds (Kupon 5, Kupon 6, Reverse Klik1 as well as Super Dyskontowy 1) and PLN 179,3 mln for FIZ (*Progresja, Himalaja and Poland Jumper 4, which collected PLN 120 mln PLN, it constituted 150% of sales plan of this fund*)
  - sales of **open funds** significantly increased and it amounted to **PLN 529 mln**.
- The sale of investment insurances have increased: **Profit Plan** – by PLN 283,3 mln in 1H 2011 as well as investment programs „**Solidny Pakiet**” i „**Wschodzące Potęgi**” – PLN 76 mln in total. With the change of the offer – solutions exempting capital gains tax as well as reducing the duration of the product – average monthly sale in May and June was by 83,74% higher in comparison with the first months of the year and amounted to PLN 34,25 mln.
- Good start of brand new **Individual Saving Insurance** with regular premium called „**Stable Future**” – 700 of agreements were signed within 1H 2011.
- Within 1H 2011 **14 subscriptions of structured deposits** based on EUR/PLN exchange rate for the affluent customers were lunched. The amount of **PLN 353 mln** was collected – by 56% more comparing to 2H 2010. Kredyt Bank is a market leader, taking into account the effects of structured deposits – 85% of deposits ended achieving expected profit level.





## • Mortgage loan

- Offer improvement in 1H 2011:
  - mortgage loan – extension of the credit maturity up to 40 years, LTV up to 100% in EUR as well as in PLN
  - mortgage secured loan – extension of the maturity up to 25 years, LTV up to 70%
  - debt consolidation loan – new attractive rules for refinancing mortgage as well as consumer loans
- New product - preferential mortgage loan - Rodzina na swoim
- Mortgage academy – intensive training program for the sales employees
- Spring campaign of mortgage loans in the Internet – more than 5 ths. applications
- High growth rate of application in the 2Q – increase up to 2800 in June
- Development of the co-operation with key financial brokers:
  - 16 partners which actively sell KB's mortgage loans
  - dynamic growth of brokers as far as the new volume is concerned – 50% in June



NOWY KREDYT MIESZKANIOWY

- Do 100% wartości nieruchomości w PLN i EUR
- Okres spłaty nawet do 40 lat
- 0% za przewalutowanie
- Obniżone marże



To proste  
- skorzystaj z pomocy naszego Doradcy!

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Doradca  
800 300 300 (z nr. stacjonarnych)  
81 616 22 00 (z nr. komórkowych i zagranic)  
Wskazujemy drogę do sukcesu.



## • Credit cards

- Implementation of the Kredyt Bank World MasterCard credit card to the offer
  - card with unique characteristics comparing to the market: a wide range of travel insurance and extended warranty service
  - almost 2000 cards were sold within first 6 weeks of sale process

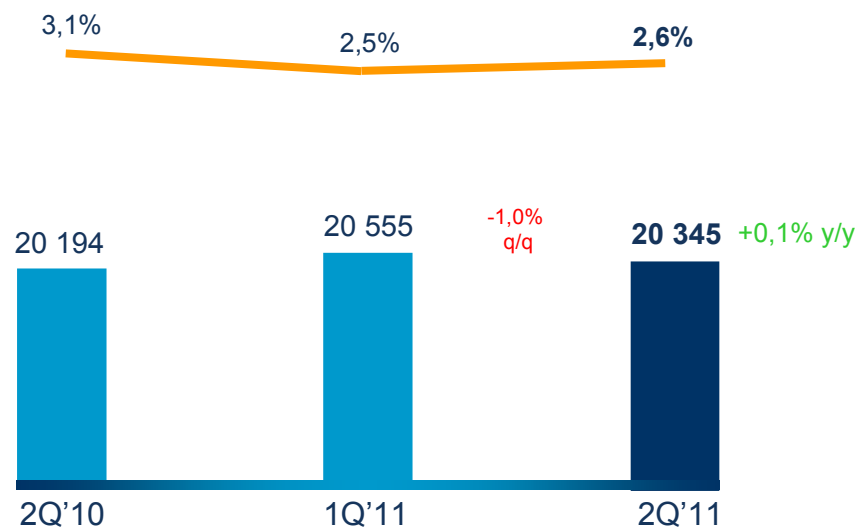


# Retail banking performance

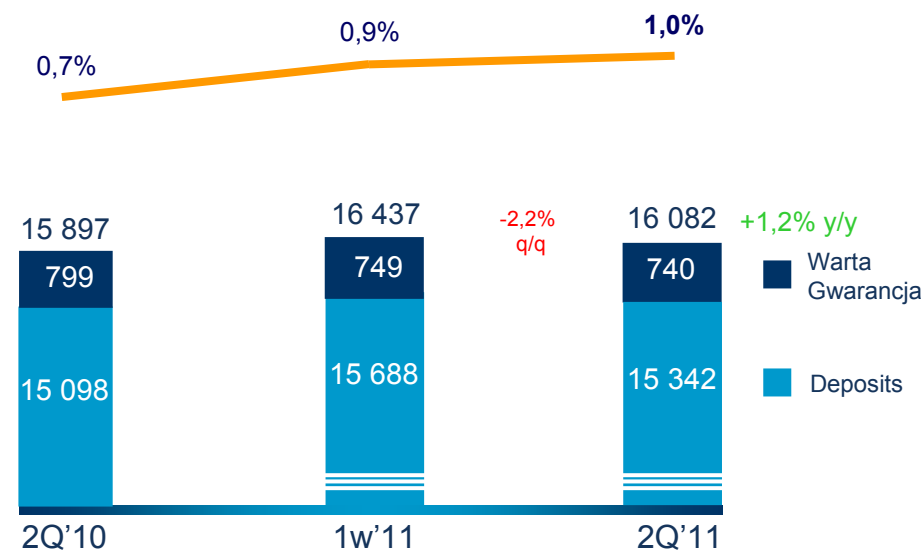
in ths. / in PLN mln

	2Q'10	1Q'11	2Q'11
Number of customers <sup>1</sup>	1 092	1 098	1 112

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



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



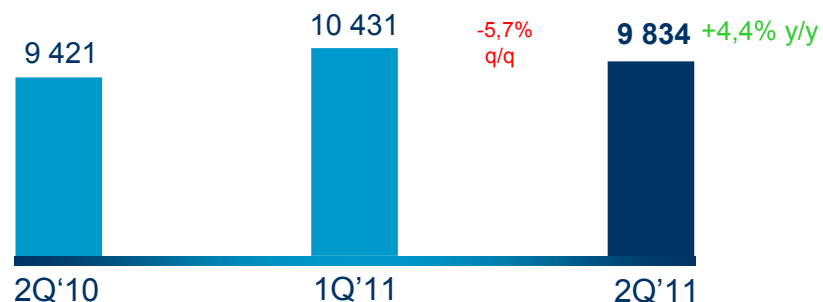
<sup>1</sup> retail segment customers, data according to internal segmentation,



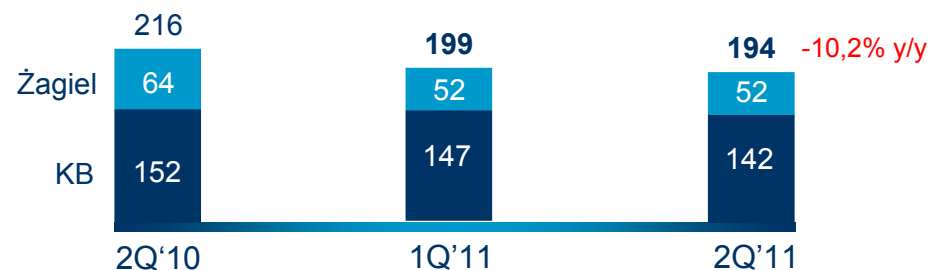
# Retail banking - products

in ths. / in PLN mln

## Saving accounts - volume

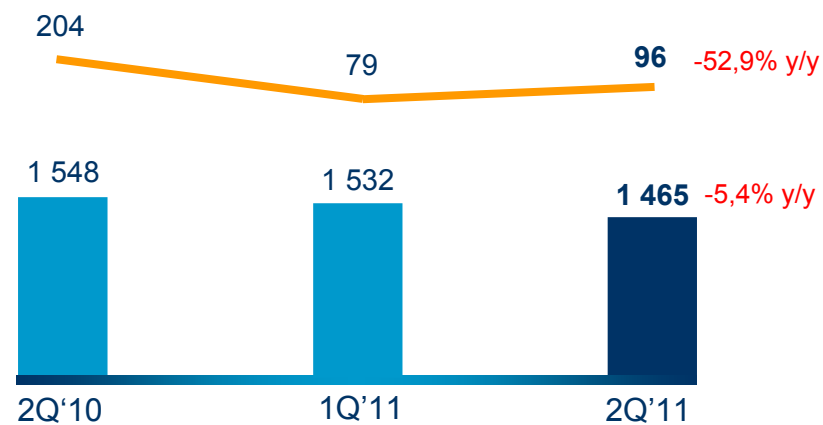


## Credit cards in use - quantity



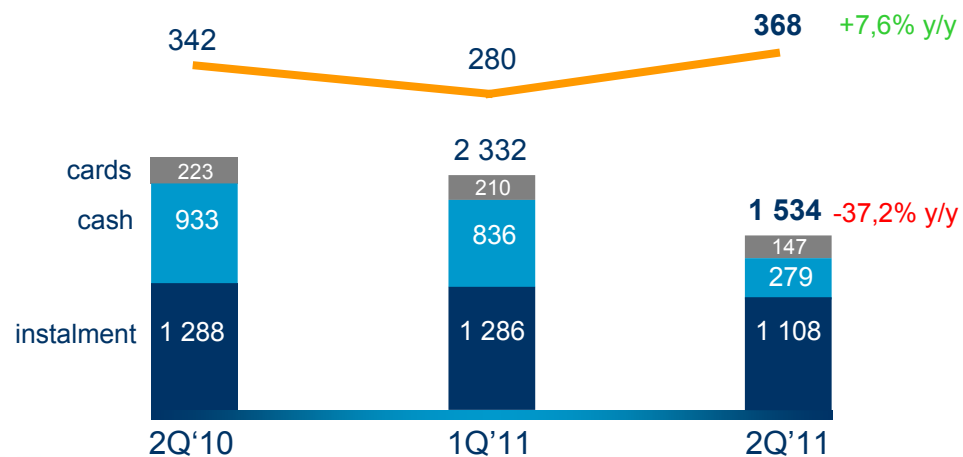
## Cash loans - bank's network

Quarterly sale of cash loans



## Loans granted by Żagiel - portfolio

Quarterly sale

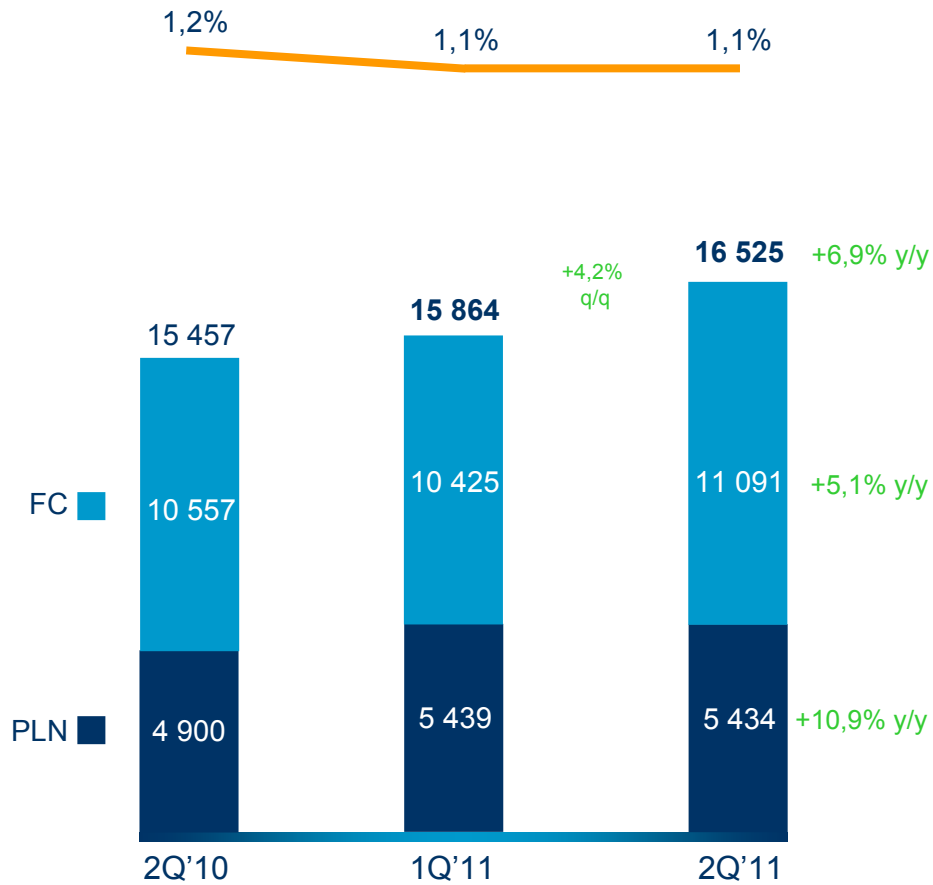




# Retail banking - mortgage loans

in PLN mln

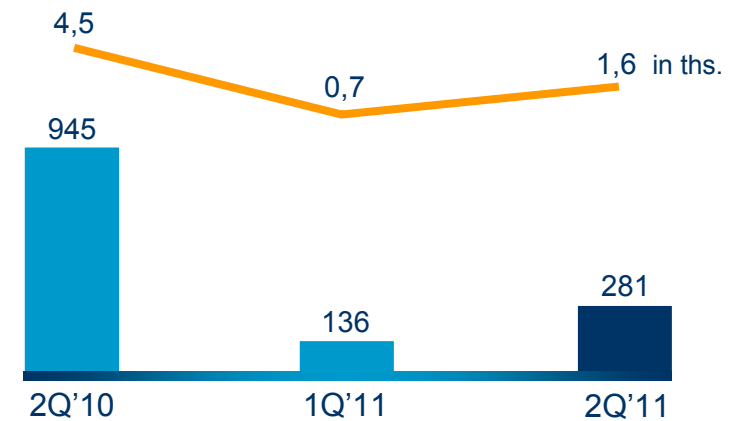
## Mortgage loans – portfolio, margin



## KB market share

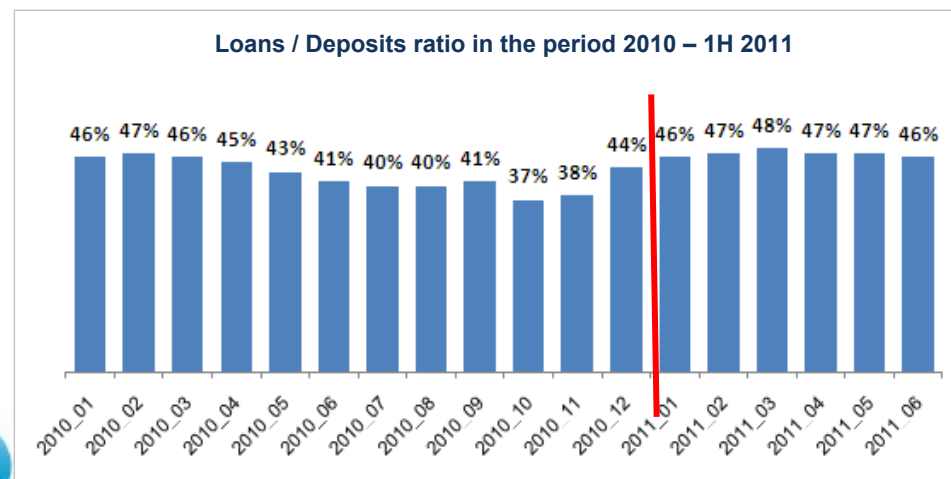
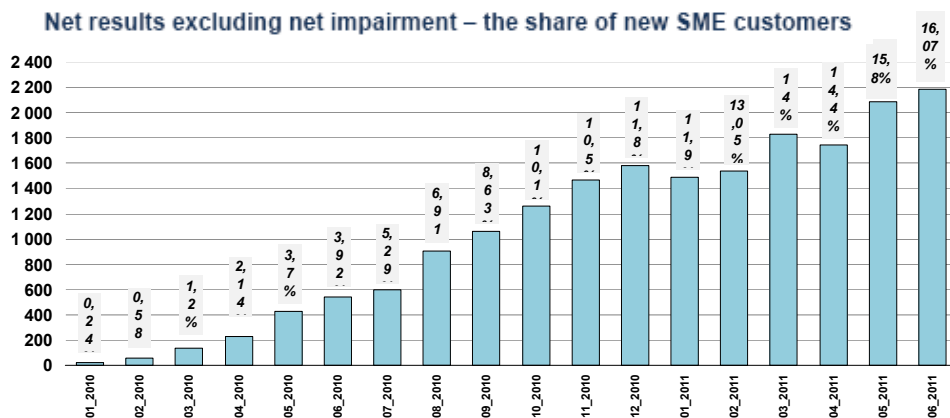
	2Q'10	1Q'11	2Q'11
Total loans	6,2%	5,8%	5,7%
PLN	5,4%	5,0%	4,7%
FC	6,6%	6,4%	6,4%

## Mortgage loans – quarterly sale



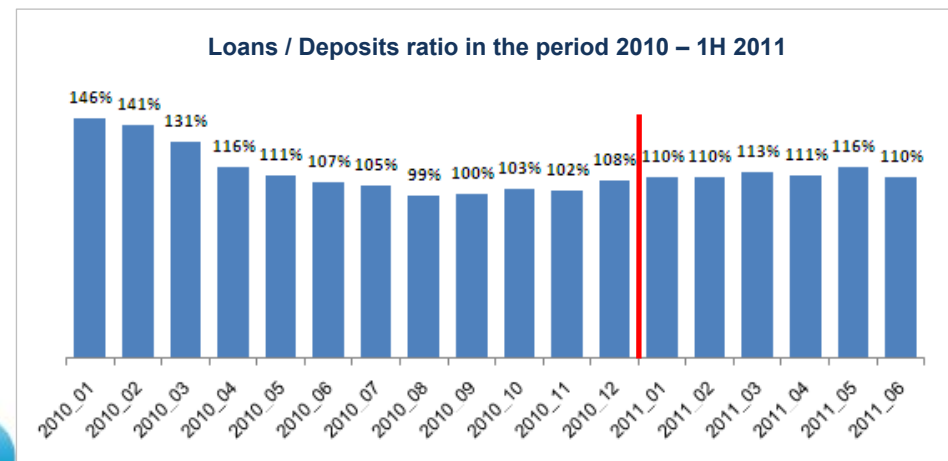
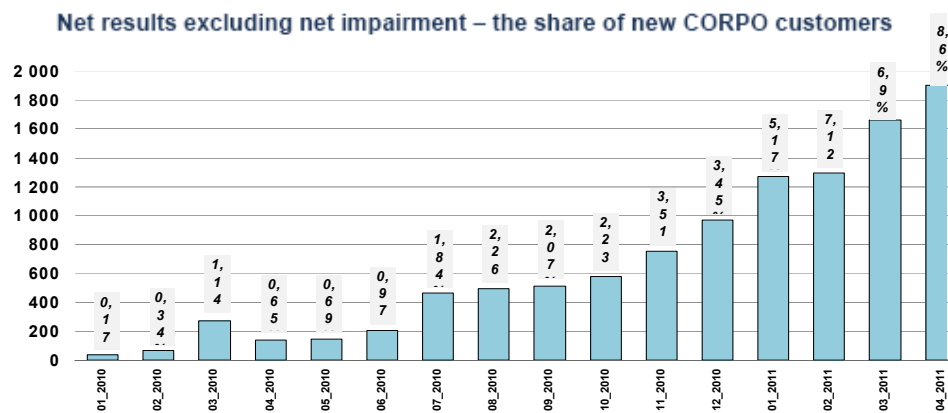
## SME subsegment

- **Income growth rate +13% (1H'11/1H'10),**
  - interest income on deposits grew by 14% (1H'11/1H'10),
  - interest income on loans increased by 23,5% comparing to the same period last year,
  - result on fees and commissions in 1H 2011 (excluding income generated by vindication and restructuring) increased by 12% (1H'11/1H'10), including V&R by 4%.
  
- **Cross sales increase as a one of the key development drivers (growth rates 1H'11/1H'10):**
  - trade finance products – increase +26%,
  - cash management products – increase by 14,6%,
  - treasury products - increase +18%,
  
- **Acquisition – sound results in the area of gaining of new clients – one of the main business drivers:**
  - 1 600 new customers were acquired in 1H 2011 (including 1 131 in 2Q 2011);
  - income gained from the customers acquired in 2010 as well as in 1H 2011 r. constituted about 15% of 2Q income),



## Enterprise subsegment

- **Increase of the result +3% in 1H 2011 comparing to 1H 2010, including:**
  - increase of the interest income form deposits +9,1%,
  - decrease of interest income on loans by - 6,2%, as a result of continuation of the reduction of significant and unprofitable loan exposures, drop of total loan balance by 10% during the period of 12 months,
  - increase of the fees and commissions income by 10,6% ,
  - low impairment charges in 1H 2011.
  
- **Implementation of the strategy by assets profitability improvements well as cross sell growth:**
  - trade finance products – increase 27,4% (1H'11/1H'10),
  - increase of the result in the area of cash management products by more than 7% (1H'11/1H'10),
  - insufficient growth in the treasury products area +4% (1H'11/1H'10).
  
- **Acquisition – further effective acquisition campaign**
  - record acquisition of 275 new customers in 1H 2011 (including 164 customers in 2Q 2011)
  - income from the customers gained in 2010 as well as in 1H 2011 constituted more than 8% of the 2Q income,



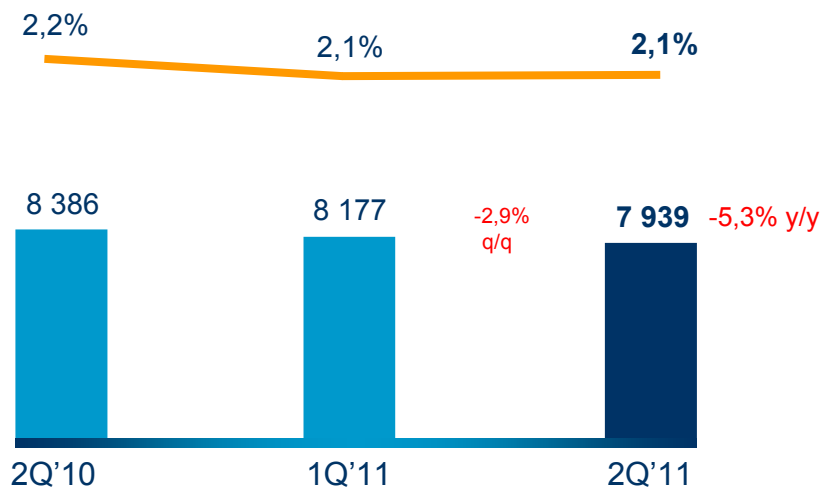


# Enterprise banking performance

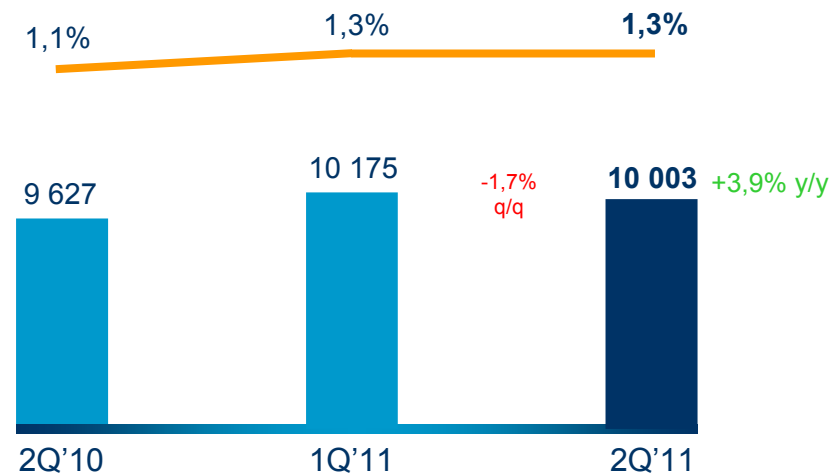
in PLN mln

	2Q'10	1Q'11	2Q'11
Number of customers <sup>1</sup>	17 917	18 603	19 510

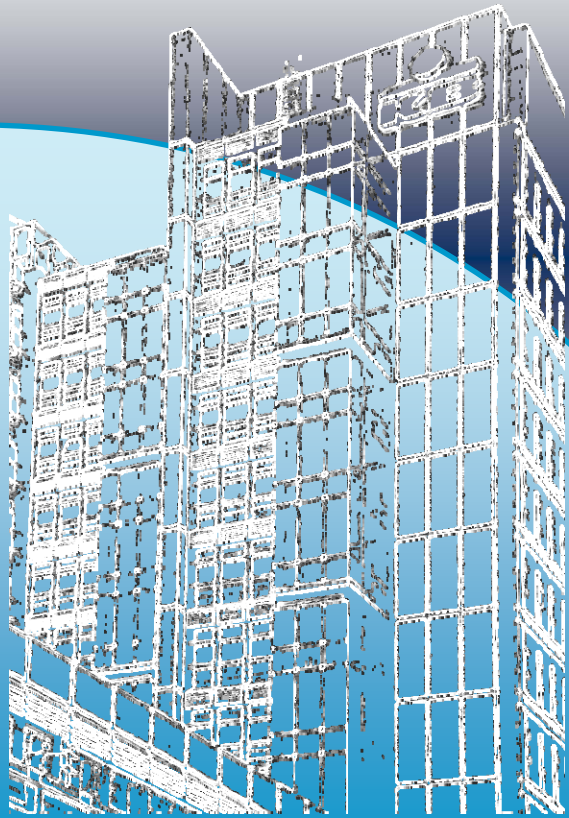
## Loans<sup>1</sup>, margin



## Deposits<sup>1</sup>, margin



<sup>1</sup> Data according to the Bank's current internal segmentation, includes the financial means originated from EBI



Highlights

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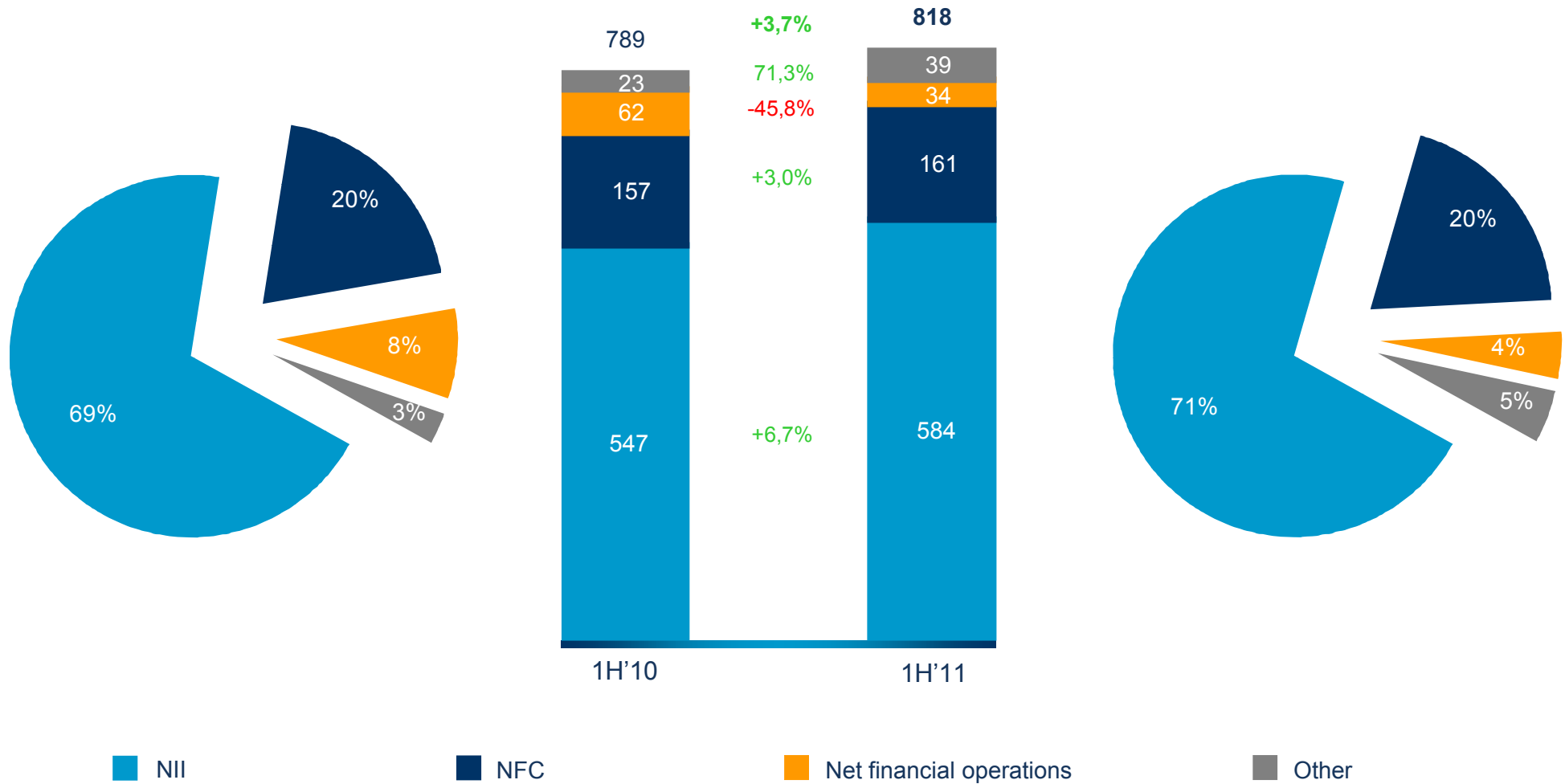
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Appendix



# Gross operating income breakdown

in PLN mln





## Administrative expenses

in PLN mln	2Q'11	1Q'11	2Q'10	Δ y/y mln	Δ y/y
<b>HR costs</b>	<b>107,5</b>	<b>105,1</b>	<b>101,5</b>	<b>+6,0</b>	<b>+5,9%</b>
<b>Operating expenses, including: (inter alia)</b>	<b>124,6</b>	<b>103,3</b>	<b>100,2</b>	<b>+24,4</b>	<b>+24,4%</b>
Taxes and fees	32,3	25,7	22,5	+9,8	+43,5%
Costs of buildings rental	21,4	21,0	20,3	+1,1	+5,7%
IT and telecommunication costs	21,2	19,2	18,2	+3,0	+16,4%
Promotion and marketing	15,9	1,5	4,9	+11,0	+227,5%
Postal charges	6,2	6,4	7,9	-1,7	-21,8%
<b>Depreciation</b>	<b>23,9</b>	<b>24,0</b>	<b>25,4</b>	<b>-1,5</b>	<b>-5,7%</b>



## Balance sheet

<b>Assets</b> in PLN mln	<b>2Q'11</b>	<b>2Q'10</b>	<b>Δ mln</b>	<b>Δ %</b>
Cash and balances with Central Bank	1 137	1 441	-304	-21%
Amounts due from banks and financial assets at fair value	4 114	3 519	594	17%
Loans to customers	27 379	26 967	412	2%
Investments in securities	10 713	9 388	1 325	14%
Tangible and intangible fixed assets as well as investment properties	529	595	-66	-11%
Other assets	469	335	134	40%
<b>Total assets</b>	<b>44 340</b>	<b>42 245</b>	<b>2 095</b>	<b>5%</b>

<b>Liabilities and equity</b> in PLN mln	<b>2Q'11</b>	<b>2Q'10</b>	<b>Δ mln</b>	<b>Δ %</b>
Amounts due to banks	11 868	11 706	161	1%
Amounts due to customers	26 154	25 652	502	2%
Repo transactions	2 059	872	1 187	136%
Total equity including current net profit	2 956	2 727	229	8%
Subordinated liabilities	947	903	44	5%
Other liabilities	356	384	-28	-7%
<b>Total liabilities and equity</b>	<b>44 340</b>	<b>42 245</b>	<b>2 095</b>	<b>5%</b>



## Income statement

in PLN mln	2Q'11	2Q'10	Δ mln	Δ %
Net interest income	298	271	28	10%
Net fee and commission income	81	76	5	7%
Dividend, net trading income, profit (loss) from investment activities	13	34	-21	-61%
Other operating income and expenses	28	7	20	274%
Gross operating income	420	388	33	8%
Total costs	-256	-227	-29	13%
Operating profit	164	161	4	2%
Net impairment charges for financial assets, other assets and provisions	-46	-141	96	-68%
Share of profits of associates	1	1	0	78%
Profit before tax	120	20	100	502%
Income tax	-32	-6	-26	415%
<b>Net profit</b>	<b>88</b>	<b>14</b>	<b>74</b>	<b>539%</b>



## Financial highlights – P&L (quarterly)

in PLN mln	2Q'11	1Q'11	4Q'10	3Q'10	2Q'10
NII + NFC	379,7	365,4	386,2	367,7	346,8
Gross operating income	420,3	397,4	411,8	431,5	387,8
Administrative expenses	-256,0	-232,3	-241,4	-234,8	-227,0
Operating profit	164,4	165,1	170,4	196,8	160,8
Impairment	-45,7	11,5	-111,4	-121,6	-141,4
<b>Net profit</b>	<b>87,9</b>	<b>134,0</b>	<b>57,1</b>	<b>55,5</b>	<b>13,8</b>



## Contact information

### Investor Relations Office

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