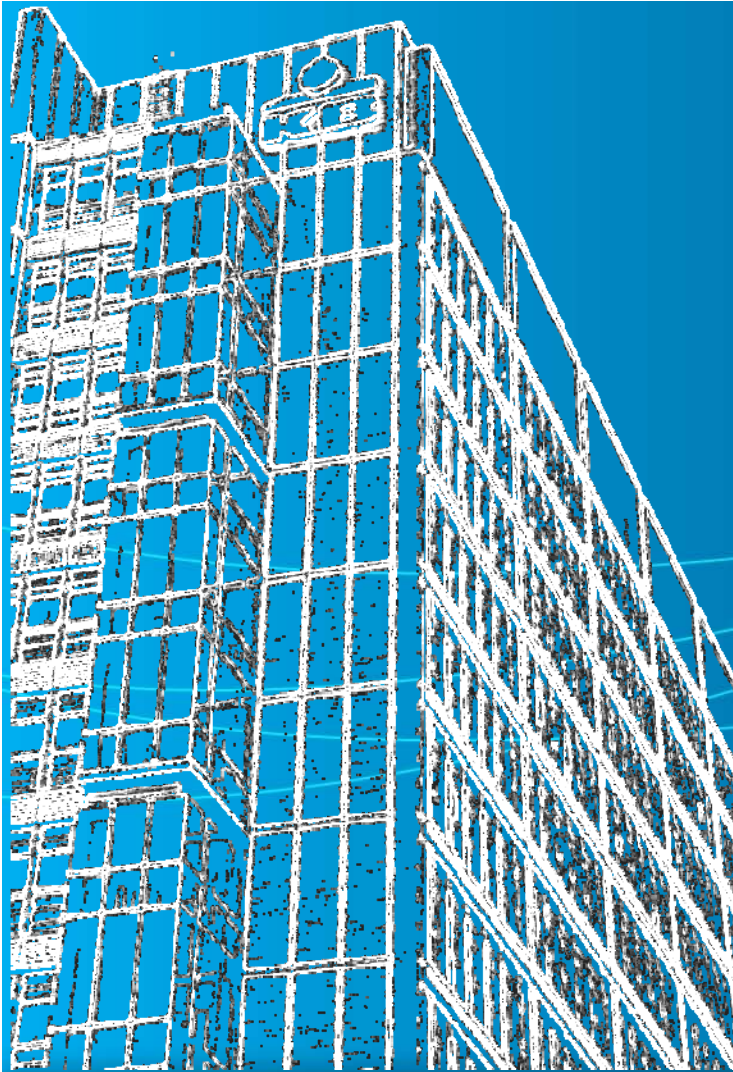


# Kredyt Bank Group

## Financial Results for 2Q 2010

Investor Relations Office  
Warsaw, August 5, 2010





- Highlights
- Analysis of results, Group
- Business lines, Bank
- Appendix



## Key messages – increase of deposit base

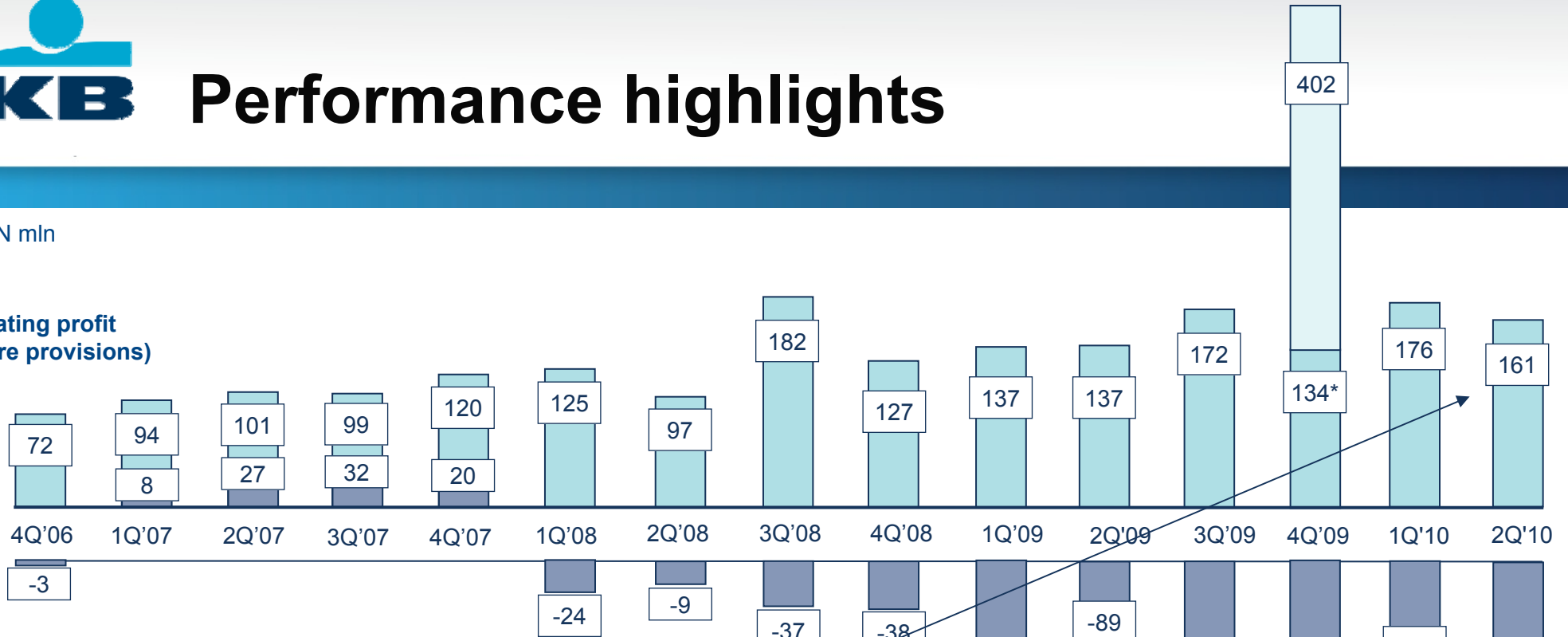
- ✓ Increase of liabilities due to customers in the 2Q'10 by PLN 1,1 bln and since the beginning of 2010 by PLN 3,2 bln. Loans/Deposits ratio after 2Q'10 at the level of 105,1% in comparison with 124,7% as of 2Q'09 (improvement by 19.5 pp.),
- ✓ CAR equal to 12,1% in 2Q'10 in comparison with 10,8% in 2Q'09 (improvement by 1,3 pp.),
- ✓ Cost/Income ratio at the level of 58.5% in 2Q'10 in comparison with 64.4% in 2Q'09 – improvement by 5,9 pp.,
- ✓ Net profit in 1H'10 equal to PLN 73 mln vs PLN 4 mln in 1H'09. Net profit in 2Q'10 in the amount of PLN 14 mln vs PLN 60 mln in 1Q'2010,
- ✓ Operating profit (before provisions) in 1H'10 at the level of PLN 336 mln vs PLN 275 mln in 1H'09 (improvement by 22,5%). Operating profit (before provisions) in 2Q'10 at the level of PLN 161 mln vs PLN 176 mln in 1Q'10 (deterioration by 8,4%).



# Performance highlights

in PLN mln

Operating profit  
(before provisions)



Net impairment

Operating profit higher in comparison  
with the same period last year

\* w/o sale of Żagiel's shares (PLN 268,3 mln)



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# Financial highlights 2Q 2010 - indicators

	2Q'10	1Q'10	2Q'09	2010-2009 pp / %	
Cost/Income	58,5%	56,2%	64,3%	-5,8pp	↓
ROE (cumulatively)	3,9%	5,0%	7,8%	-3,9pp	↓
Loans/Deposits	105,1%	102,5%	124,7%	-19,6pp	↓
Loans/Deposits (adjusted) <sup>1</sup>	68,0%	68,1%	77,3%	-9,3pp	↓
CAR	12,1%	12,4%	10,8%	+1,3pp	↑
FTE (ths)	4,9	4,8	6,5	-25,8%	↓
Branch network - KB	384	388	402	-4,5%	→

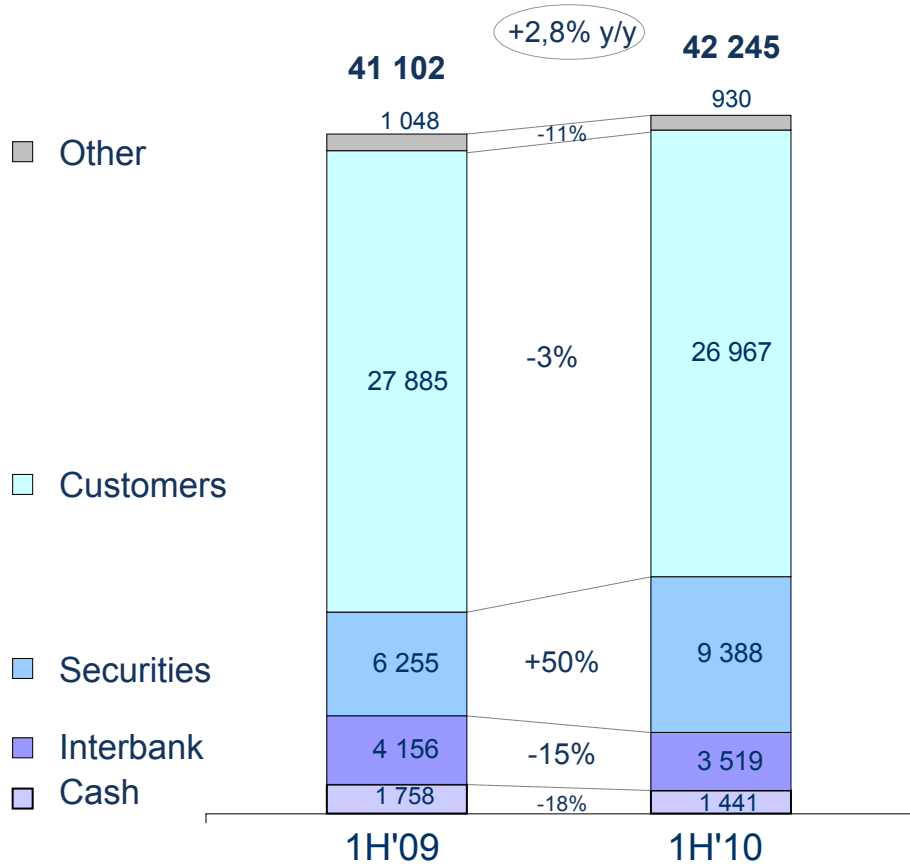
<sup>1</sup> Net customer loans excluding FX customer loans financed by KBC Group / customer deposits



# Balance sheet breakdown

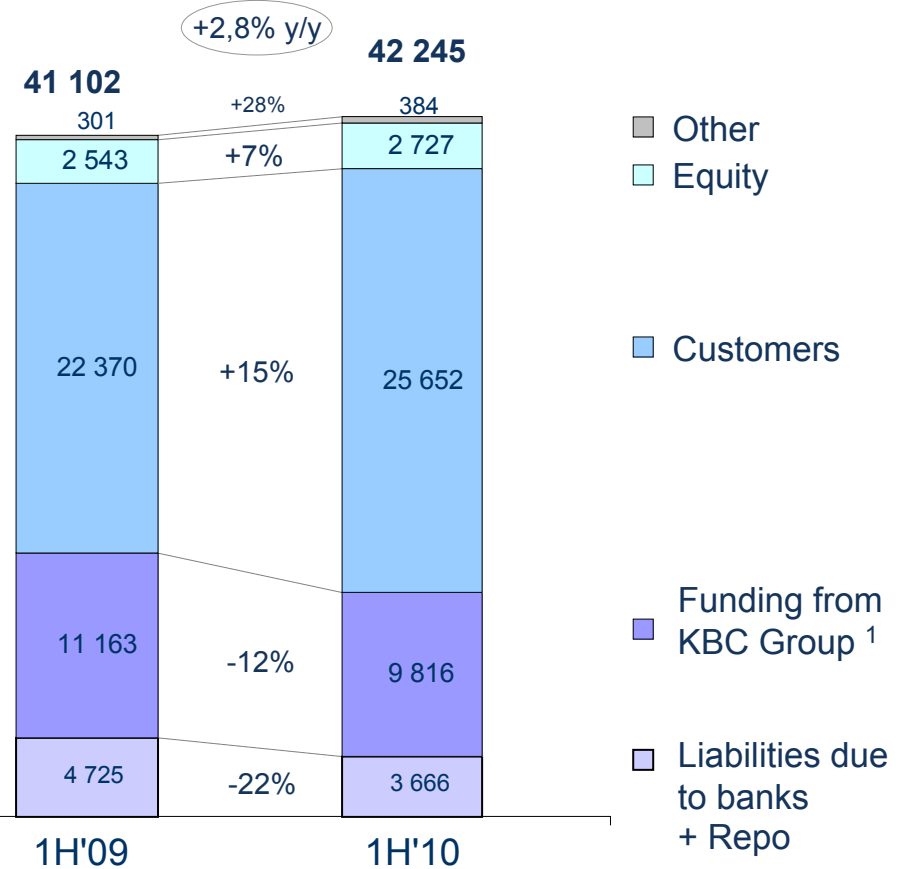
## ASSETS

in PLN mln



## LIABILITIES & FUNDS

in PLN mln



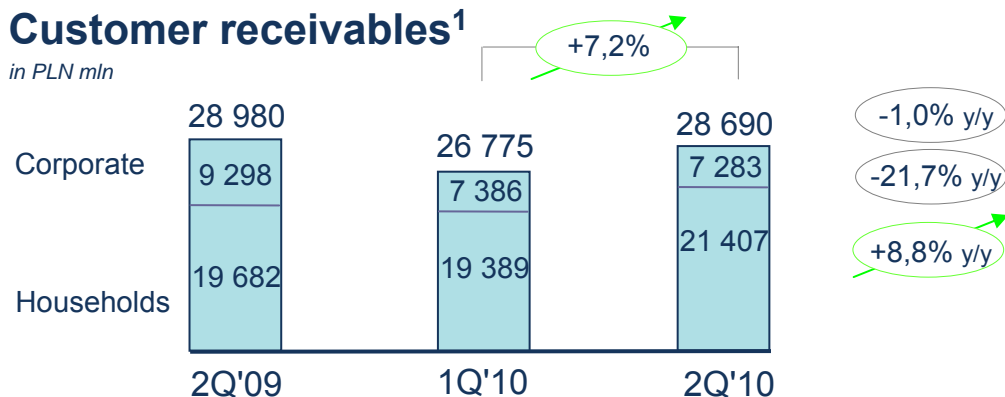
<sup>1</sup> Funding from KBC Group = loans and interbank deposits from KBC Group entities (FX and PLN)



# Volumes

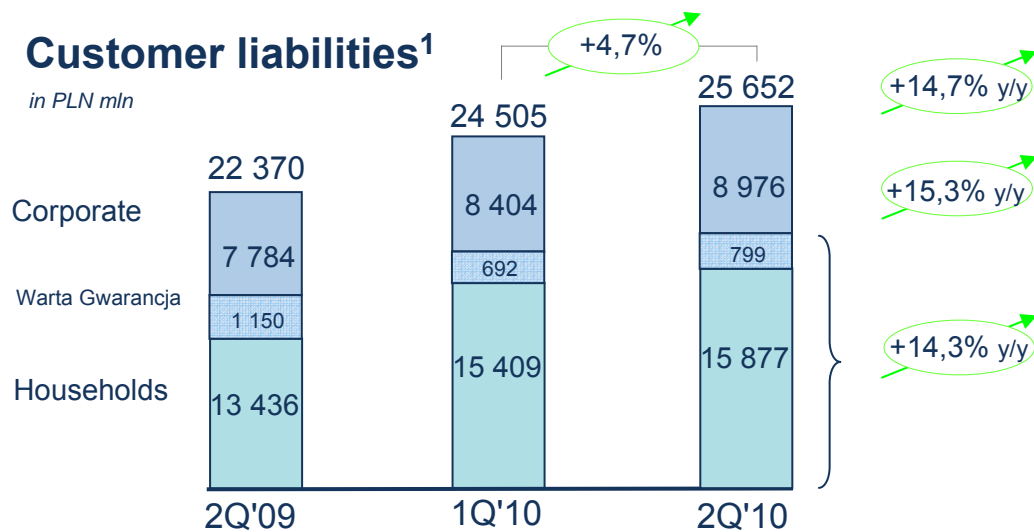
## Customer receivables<sup>1</sup>

in PLN mln



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

in PLN mln



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

	2Q'09	1Q'10	2Q'10
Total loans	4,3%	3,8%	3,8%
Households loans	4,9%	4,6%	4,7%
Corporate loans	3,4%	2,6%	2,5%

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

	2Q'09	1Q'10	2Q'10
Total deposits	3,5%	3,6%	3,7%
Households deposits <sup>3</sup>	3,8%	3,9%	3,9%
Corporate deposits	2,9%	3,2%	3,3%

<sup>1</sup>Receivables, 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 2Q'10 – P&L

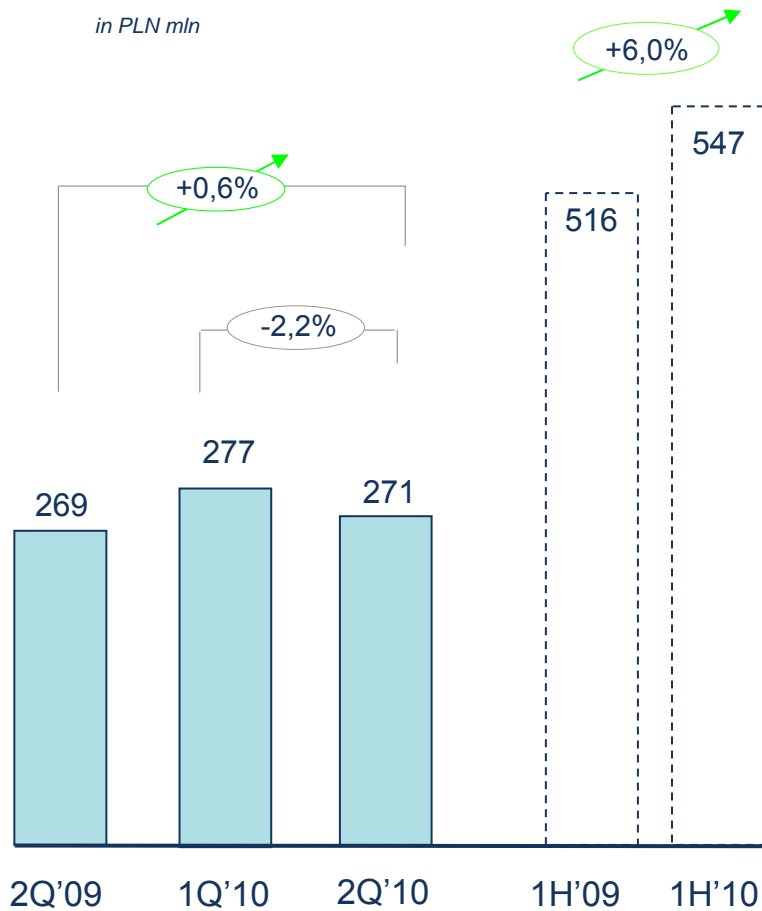
	1H'10	1H'09	Δ r/r mln	Δ r/r %	
<b>NII + NFC</b> (PLN mln)	703,7	662,1	+41,6	+6,3%	▲
<b>Gross operating income</b> (PLN mln)	788,2	793,2	-5,0	-0,6%	▼
<b>General administrative expenses</b> (PLN mln)	-451,9	-518,5	+66,6	-12,8%	▼
<b>Operating profit*</b> (PLN mln)	336,3	274,7	+61,6	+22,5%	▲
<b>Net impairment and provisions</b> (PLN mln)	-239,0	-273,3	+34,3	-12,6%	▼
<b>Net profit</b> (PLN mln)	73,3	4,1	+69,2	-	▲



# Net interest, net fees and commissions

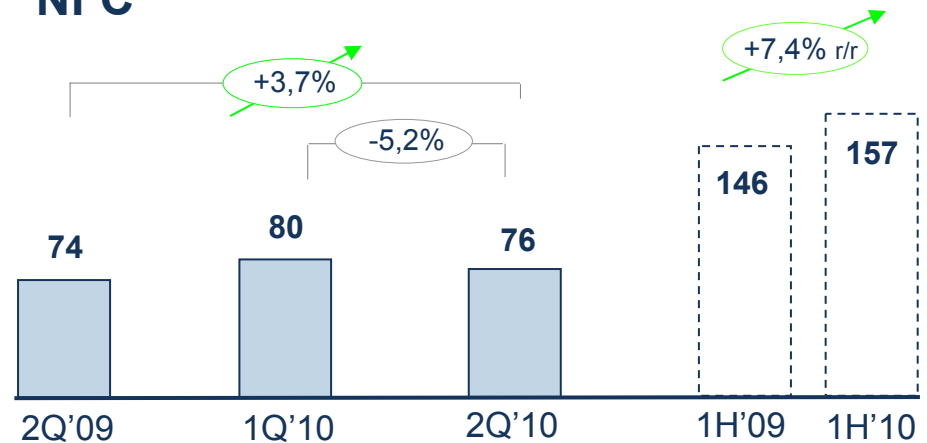
## NII

in PLN mln

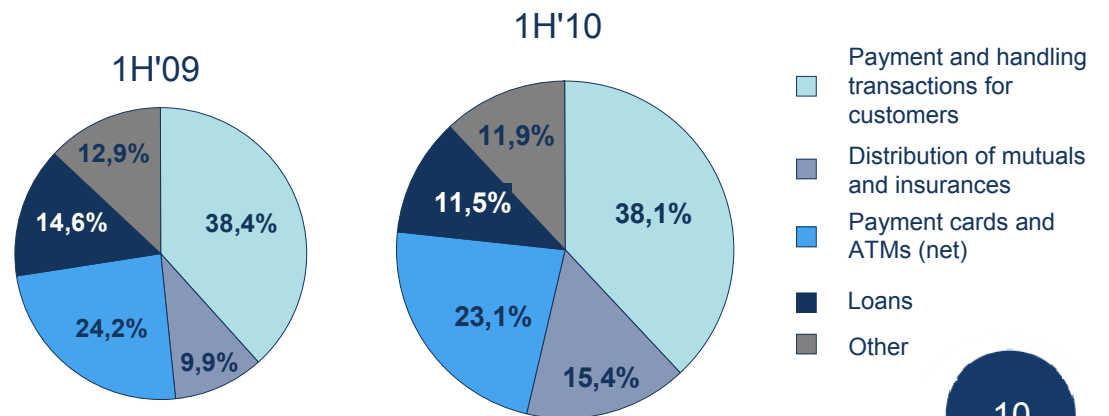


## NFC

in PLN mln



## F&C (income structure)

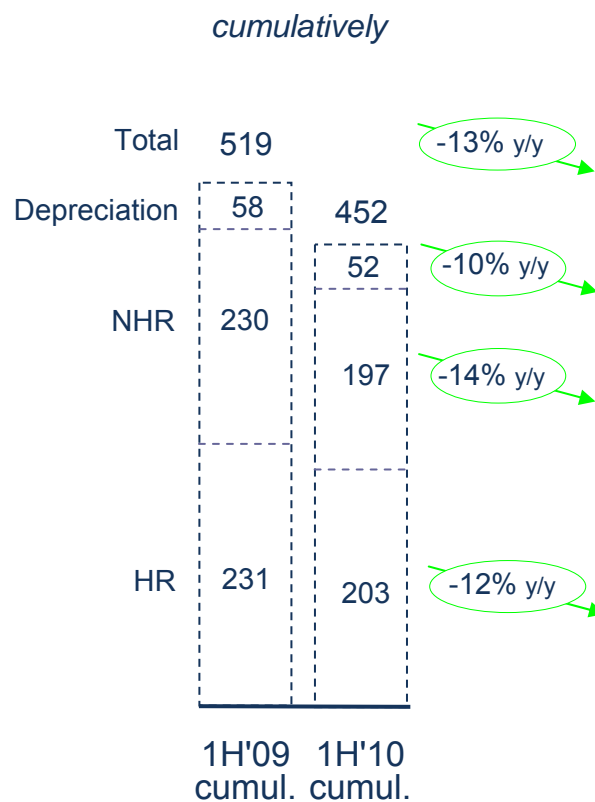
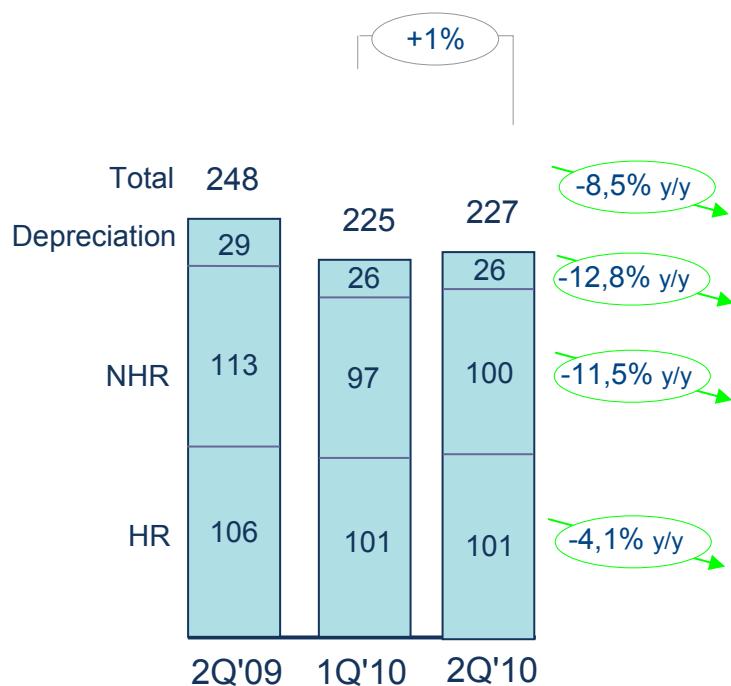




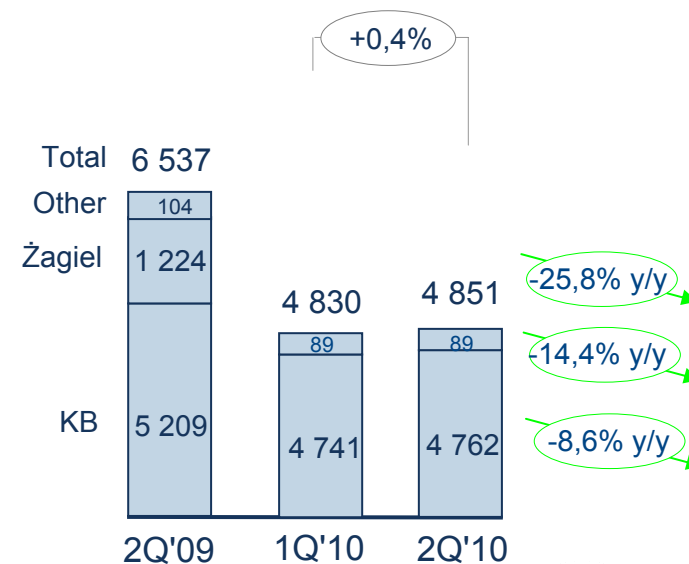
# General administrative expenses

## General administrative expenses

in PLN mln



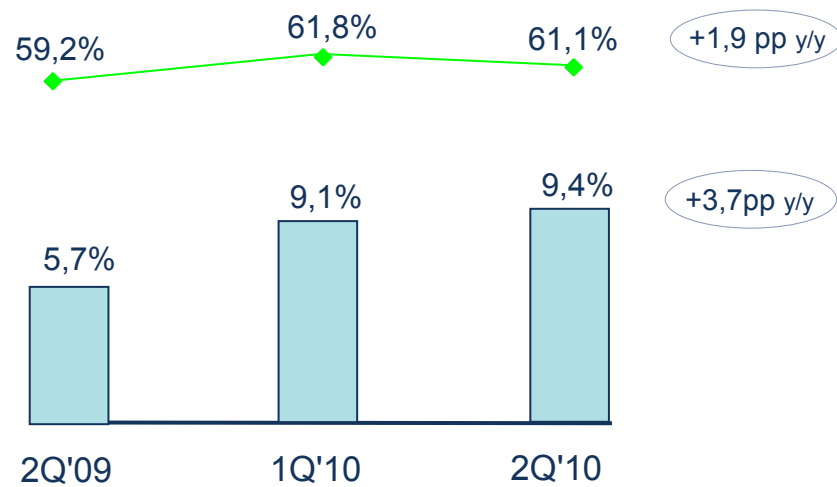
## FTEs





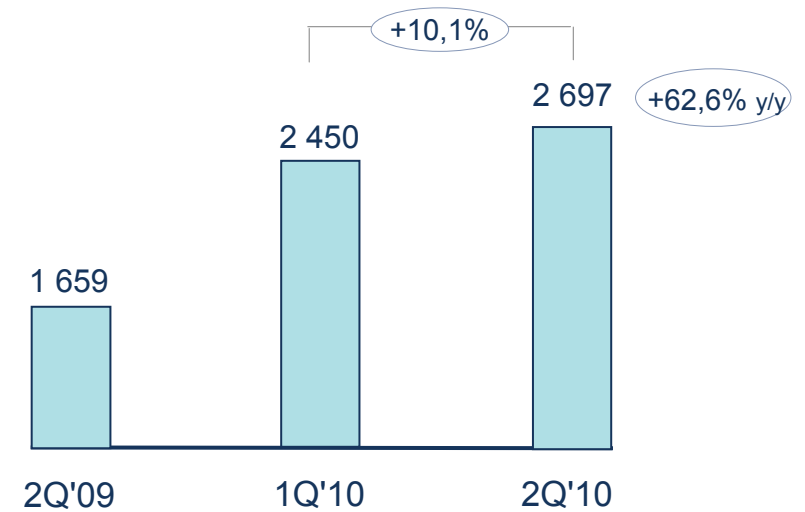
# Loans quality

## Impaired loans/gross loans<sup>1</sup>, coverage ratio



## Impaired loans - volume

in PLN m



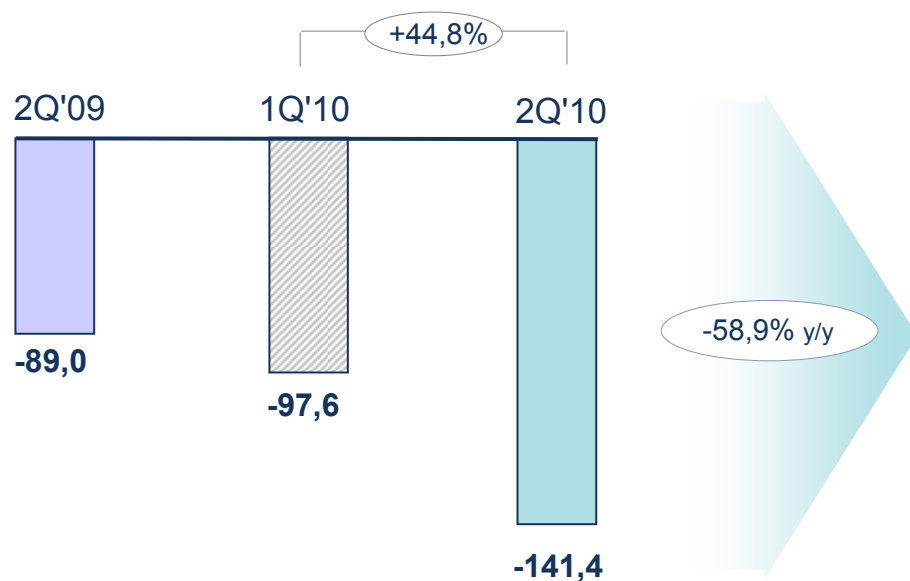
<sup>1</sup> On customers' portfolio basis, banks excluded



# Net Impairment – breakdown by segments

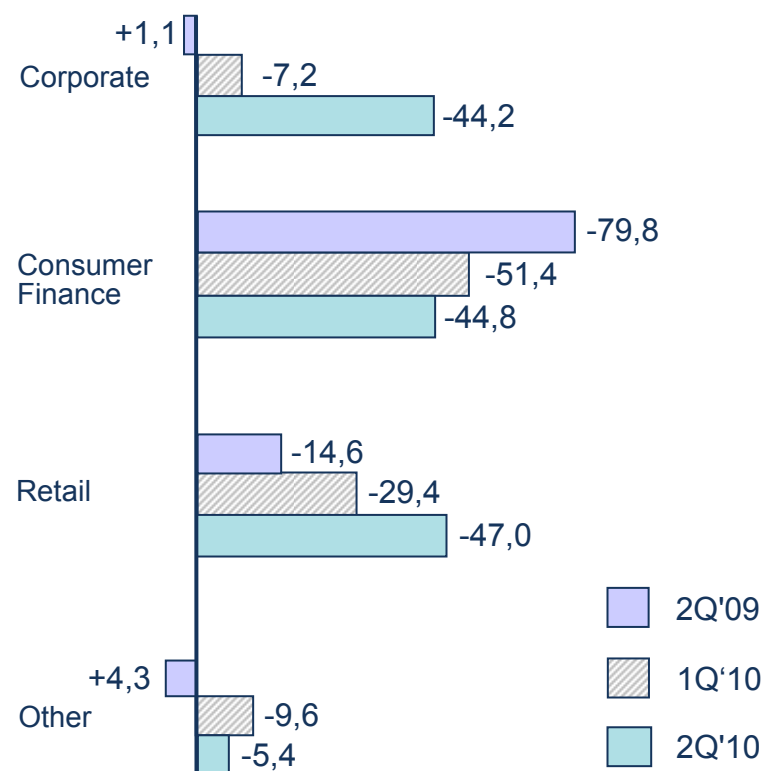
## Net impairment

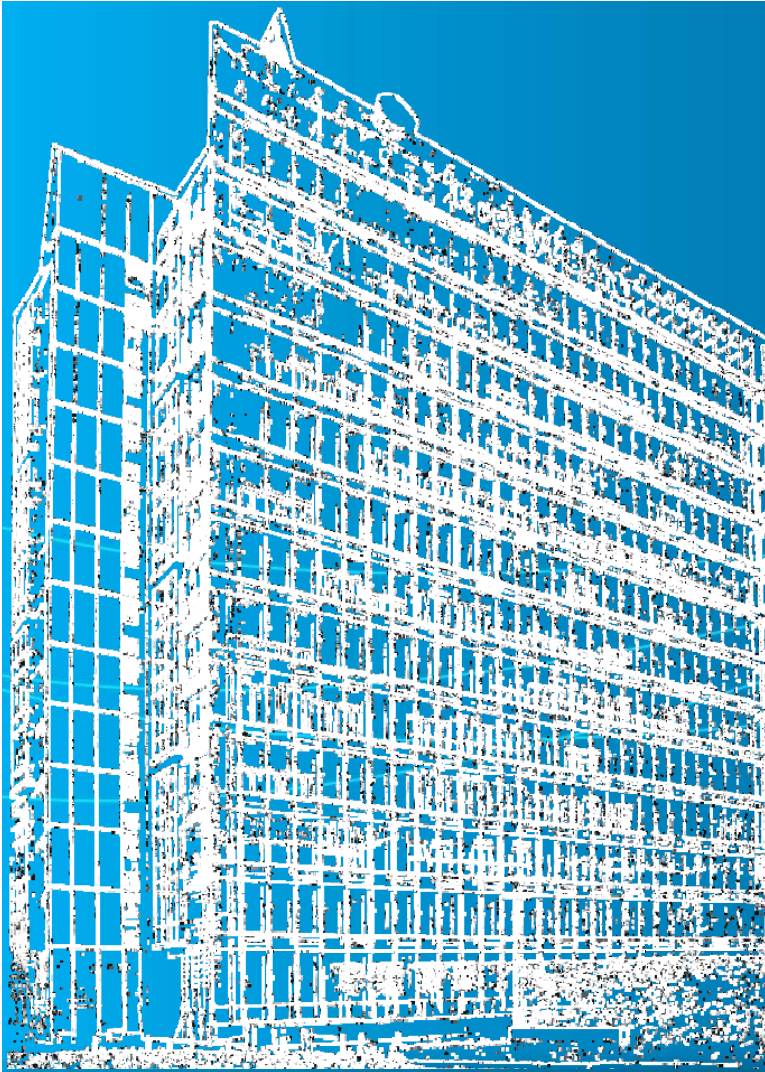
quarterly, in PLN mln



## Net impairment – breakdown by segments

mln PLN



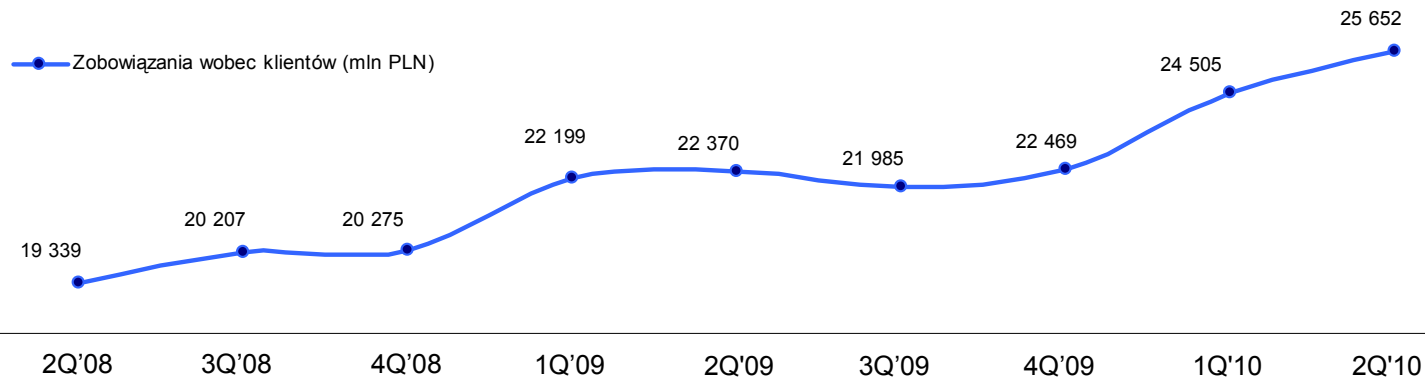


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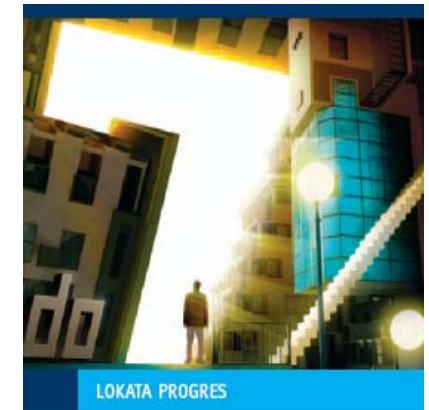




# Sales activity - deposits



- ✓ Progressive increase of individual clients' deposit base. Retail deposits increased by more than PLN 1,6 bln in the 1H 2010.
- ✓ Sales campaign of two strategic products: 6-mth Progress term deposit and Saving Account. Canvassing was supported by marketing campaign, the goal was fulfilled in 114%.
- ✓ Three offers of structured deposits for the affluent and Private Banking clients, the amount equal to more than PLN 150 mln was collected.
- ✓ Daily capitalised internet deposit eConstans was launched in June.
- ✓ Growth of corporate segment deposit base by more than PLN 1,5 bln.





# Sales activity – insurance and investment products

- ✓ **The amount equal to PLN 900 mln of investment products sold within the conversion process since the beginning of the year.** The result was achieved through comprehensive offer of KBC TFI products (4,9% share in the market of assets under management):
  - 2 subscription of Closed Investment Funds of KBC TFI: KBC Liderów Rynku FIZ, KBC Kupon Jumper FIZ, as well as one product within Global Partners funds: PL KBC Himalaja 1 was offered.
  - The sale of Open Investment Funds amounted to nearly PLN 500 mln since the beginning of the year (mainly the funds based on debt and money market).
- ✓ **The market share of KBC TFI S.A.** in capital protected funds (assets under management) amounted to 54,3% as of the end of 2Q'10,
- ✓ **Investment Insurance Profit Plan – sales hit** – PLN 207,9 mln was collected in the 1H 2010.







# Sales activity - loans

## Mortgage loan

- ✓ Broad range marketing campaign took place between April and June. It emphasized fast credit process and competitive pricing (0% commission promotion). Results include:
  - performance vs. budget at the level of 114% (PLN 945 mln),
  - nearly three-fold increase in sales from PLN 340 mln in 1Q 2010 to PLN 945 mln in 2Q 2010,
  - Kredyt Bank – third bank on the market as far as the new sale is concerned (monthly in June).
- ✓ New offer of life and unemployment insurances.

## Cash loan

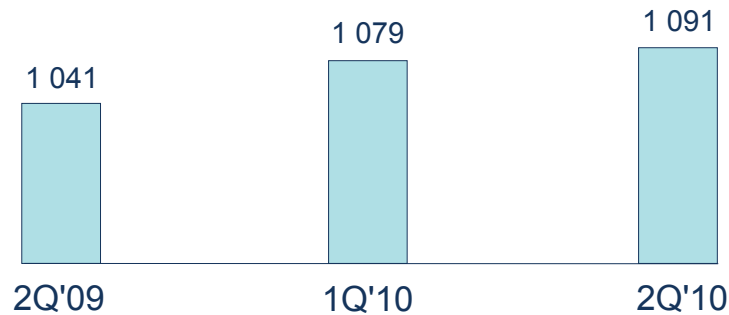
- ✓ More than 8 ths. of loans amounting totally PLN 97.3 mln granted within the framework of promotional campaign in June.





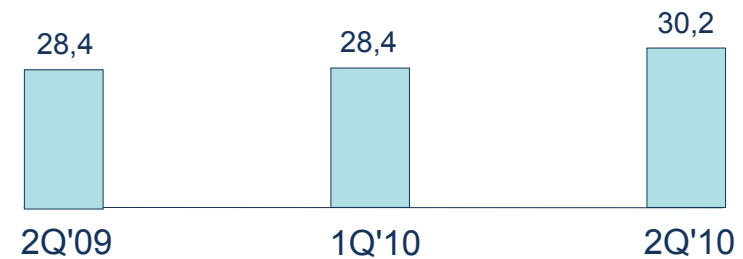
# Retail banking performance

**Number of clients<sup>1</sup>** *in ths*

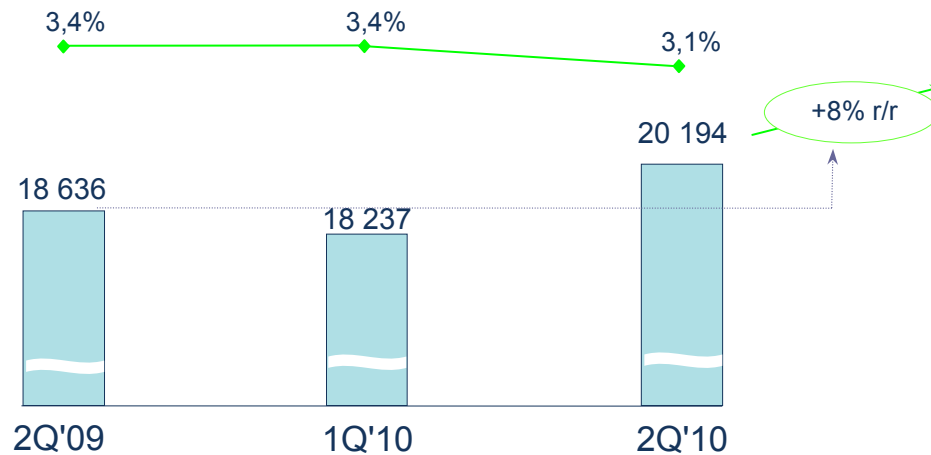


**Customer business per client<sup>1</sup>**

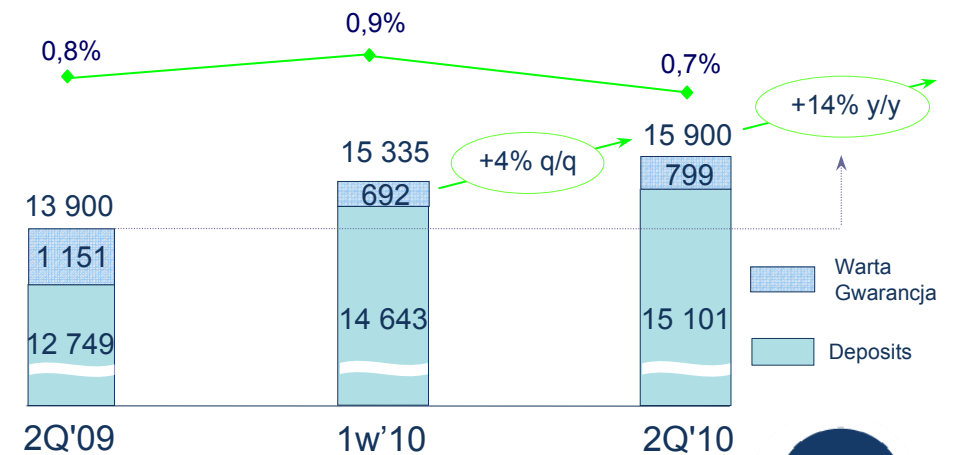
*Quarterly in PLN ths*



**Retail loans<sup>1</sup>** *in PLN mln* , Margin



**Retail deposits<sup>1</sup>** *in PLN mln* , Margin



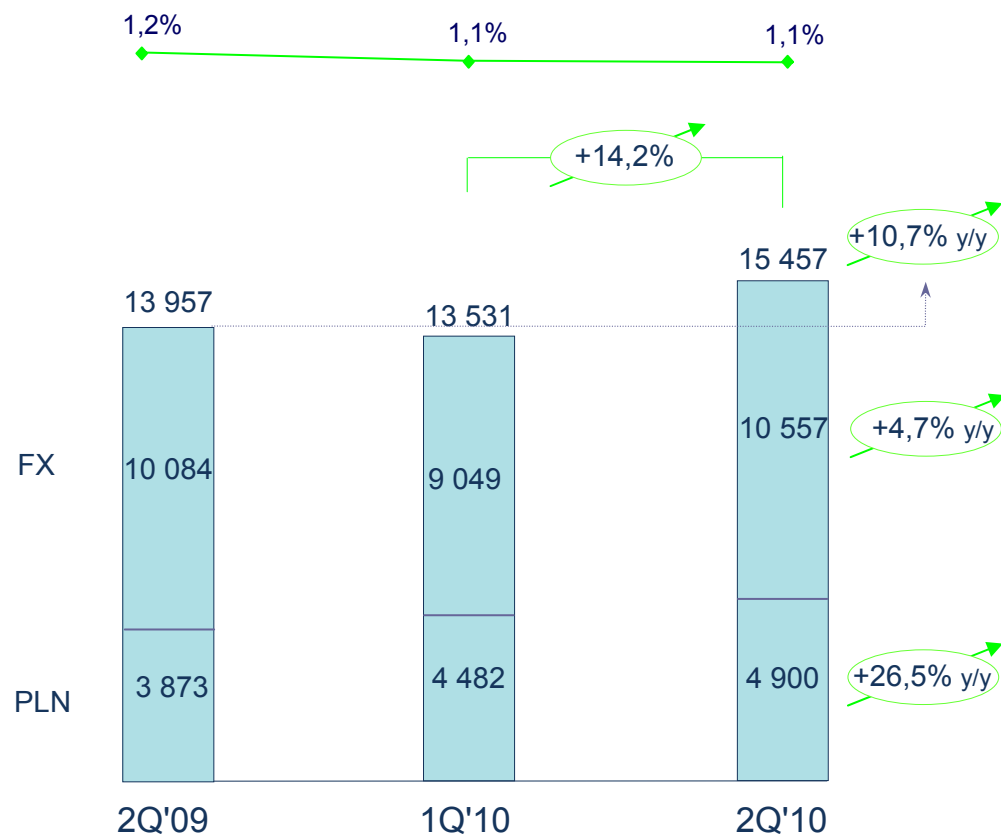
<sup>1</sup> retail segment customers, data according to internal segmentation, after resegmentation performed in the 1Q'10, loan portfolio includes Zagiel brokerage channel



# Retail banking - mortgage loans

## Mortgage loans – portfolio, margin

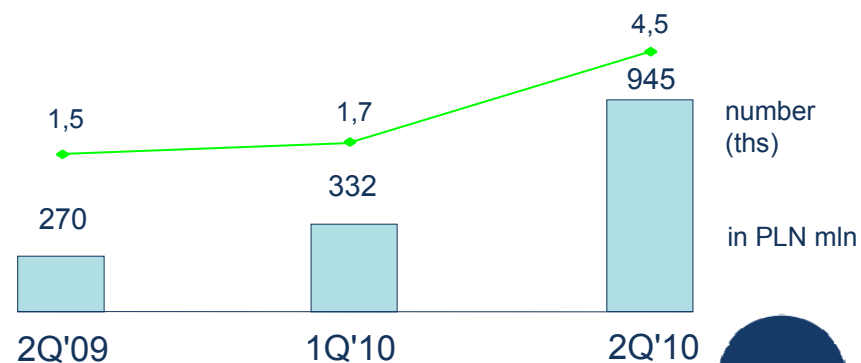
in PLN mln



## KB market share

	2Q'09	1Q'10	2Q'10
Total mortgage loans	6,7%	6,2%	6,2%
PLN	5,9%	5,5%	5,4%
FX	7,0%	6,6%	6,6%

## Mortgage loans – quarterly sale

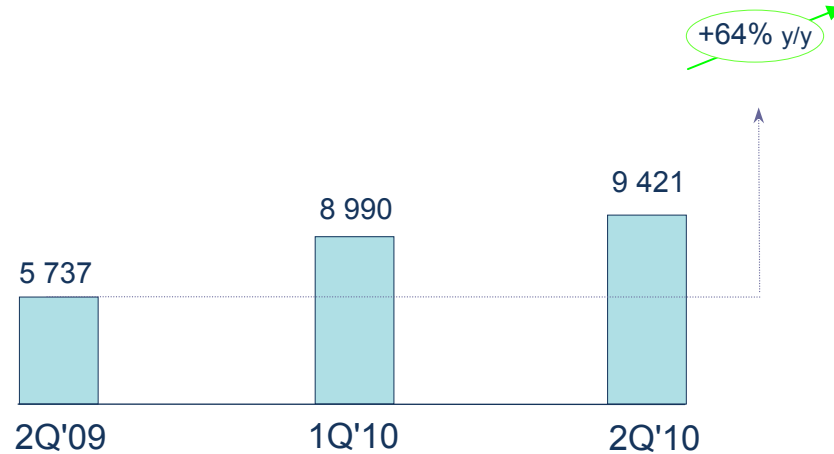




# Retail banking - products

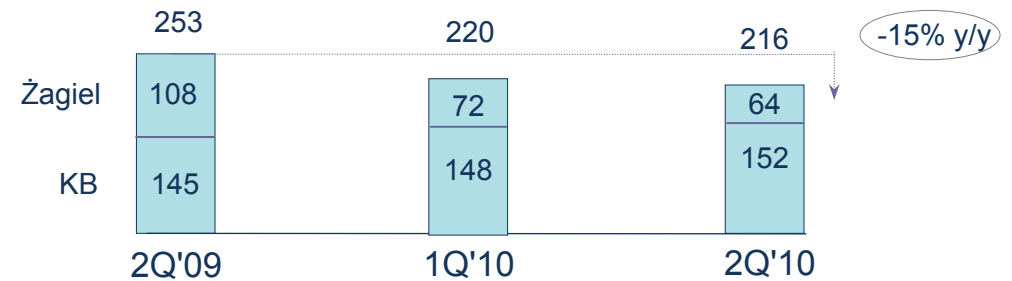
## Saving accounts - volume

in PLN mln



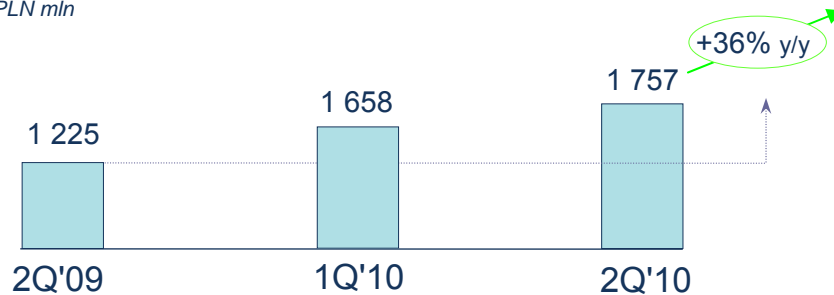
## Credit cards - quantity

cards in use, in ths.



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

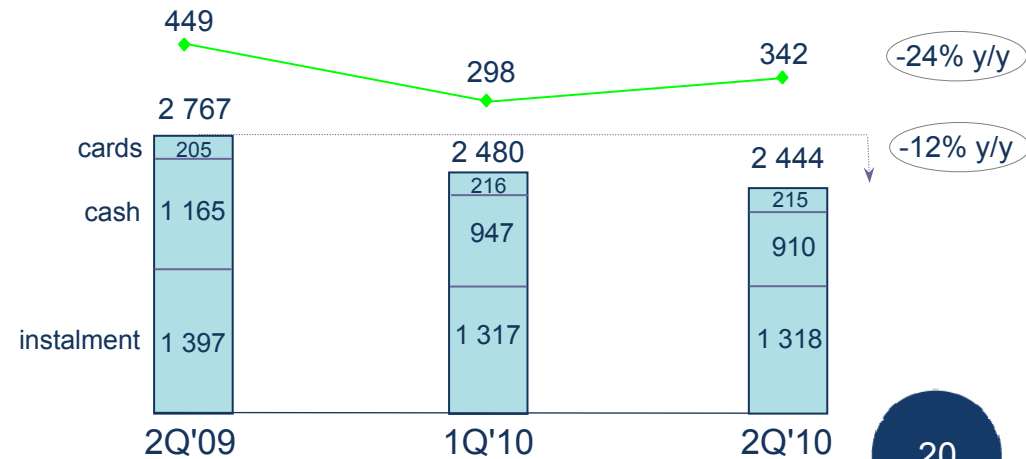
in PLN mln



## Loans granted by Żagiel – portfolio

Quarterly sale

in PLN mln

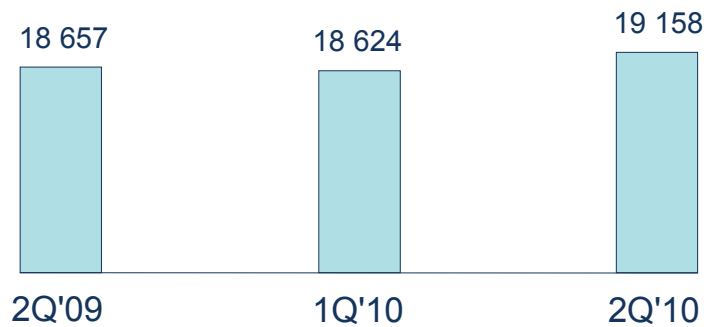


<sup>1</sup> portfolio by products split – estimation based on MIS



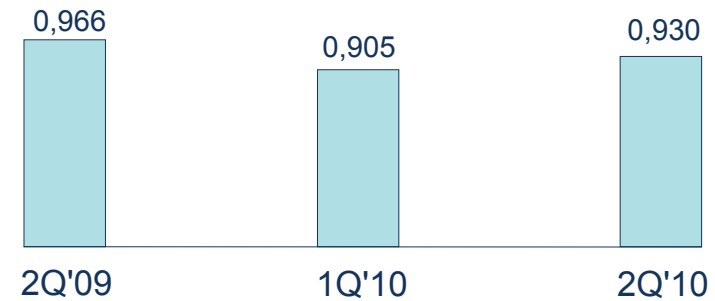
# Corporate banking performance

## Number of clients

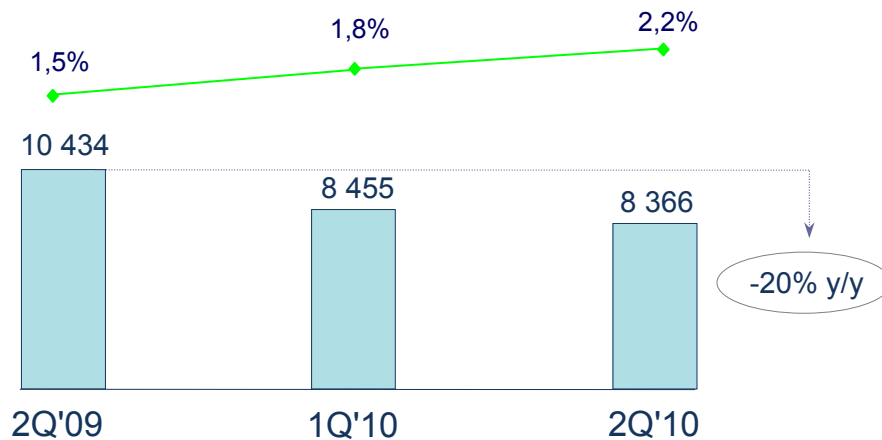


## Customer business per client

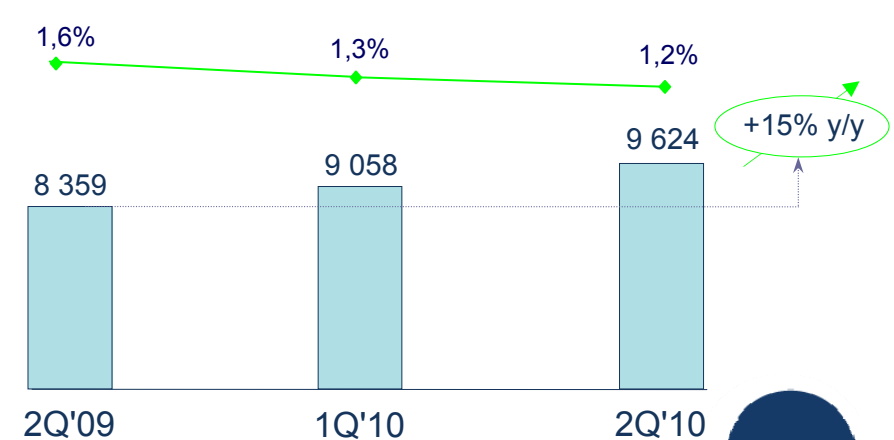
quarterly in PLN mln



## Corporate loans<sup>1</sup> in PLN mln, Margin



## Corporate deposits<sup>1</sup> in PLN mln, Margin



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



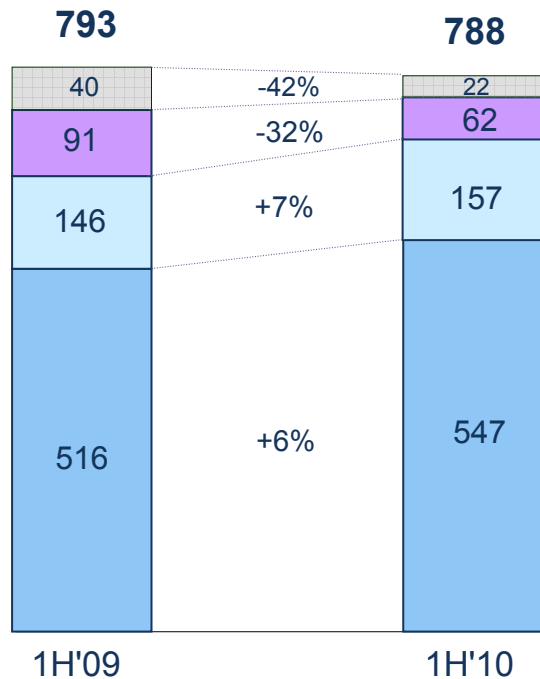
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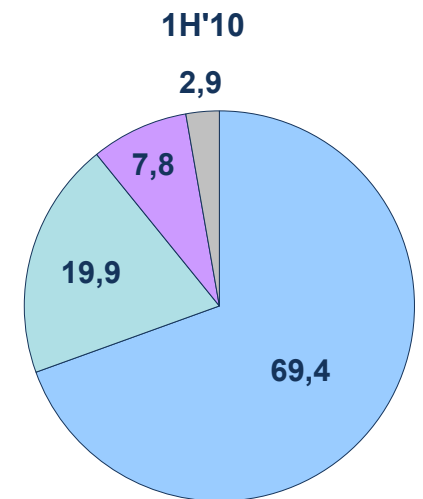
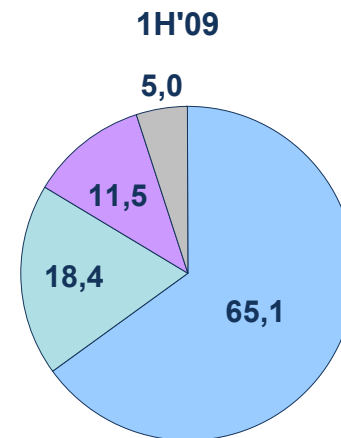
# Gross operating income breakdown (cumulatively)

in PLN mln

-1% y/y



- Other
- Net financial operations
- NFC
- NII





# Financial highlights 2Q'10 – P&L (quarterly)

	2kw 2010	1kw 2010	4kw 2009	3kw 2009	2kw 2009
<b>NII + NFC</b> (PLN mln)	346,8	357,0	350,5	352,8	342,5
<b>Gross operating income*</b> (PLN mln)	387,8	400,4	662,0	417,0	385,5
<b>General administrative expenses</b> (PLN mln)	227,0	224,9	260,1	245,4	248,0
<b>Operating profit*</b> (PLN mln)	160,8	175,6	401,9	171,6	137,4
<b>Net impairment and provisions</b> (PLN mln)	-141,4	-97,6	-373,5	-156,4	-89,0
<b>Net profit</b> (PLN mln)	13,8	59,6	20,1	10,4	40,6

\* Gross operating income excluding the revenues from the sale of Żagiel amounted to PLN 393,5 mln in the 4Q'09 while operating profit amounted to PLN 133,6 mln.





# General administrative expenses - details

	2Q'10	1kw'10	2Q'09	Δ y/y mln	Δ y/y %	
HR costs:	101,5	101,4	105,8	-4,3	-4,1%	↓
Operating expenses including <small>inter alia</small> :	100,2	97,1	113,2	-13,0	-11,5%	↓
Costs of buildings' rental	20,3	20,7	26,7	-6,4	-24,2%	↓
IT & telecommunication costs	18,2	16,0	19,5	-1,3	-6,7%	↓
Advisory costs	4,9	4,9	5,6	-0,7	-13,2%	↓
Postal charges	7,9	7,3	8,8	-0,9	-9,6%	↓
Marketing	4,9	4,2	4,6	+0,3	+6,7%	↑
Depreciation:	25,4	26,4	29,1	-3,7	-12,8%	↓



# Balance sheet

## ASSETS

<i>(PLN mio)</i>	2Q'10	2Q'09	Δ mln	Δ %
Cash and balances with Central Bank	1 441	1 758	-317	-18%
Amounts due from banks and financial assets at fair value	3 519	4 156	-636	-15%
Loans to customers	26 967	27 885	-918	-3%
Investments in securities	9 388	6 255	3 133	50%
Tangible and intangible fixed assets	595	695	-100	-14%
Other assets	335	354	-19	-5%
<b>Total Assets</b>	<b>42 245</b>	<b>41 102</b>	<b>1 143</b>	<b>3%</b>

## LIABILITIES

<i>(PLN mio)</i>	2Q'10	2Q'09	Δ mln	Δ %
Amounts due to banks	11 706	14 001	-2 295	-16%
Amounts due to customers	25 652	22 370	3 281	15%
Repo transactions	872	1 037	-164	-16%
Total equity including current net profit	2 727	2 543	185	7%
Subordinated liabilities	903	850	53	6%
Other liabilities	384	301	83	28%
<b>Total Equity and Liabilities</b>	<b>42 245</b>	<b>41 102</b>	<b>1 143</b>	<b>3%</b>



# Income statement

Quarterly (PLN m)

	2Q'10	2Q'09	Δ mln	Δ %
Net interest income	271	269	2	1%
Net fee and commission income	76	74	2	4%
Dividend, net trading income, profit (loss) from investment activities	34	18	15	84%
Other operating income and expenses	7	25	-17	-70%
Gross operating income	388	386	2	1%
Total costs	-227	-248	21	-8%
Operating profit	161	137	23	17%
Net impairment charges for financial assets, other assets and provisions	-141	-6	-135	-
Share of profits of associates	1	0	0	-
Profit before tax	20	49	-29	-59%
Income tax	-6	-8	2	-25%
Net profit	14	41	-27	-66%



# Contact information

## Investor Relations Office

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Surf the net: [www.kredytbank.pl](http://www.kredytbank.pl) for the latest update.

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