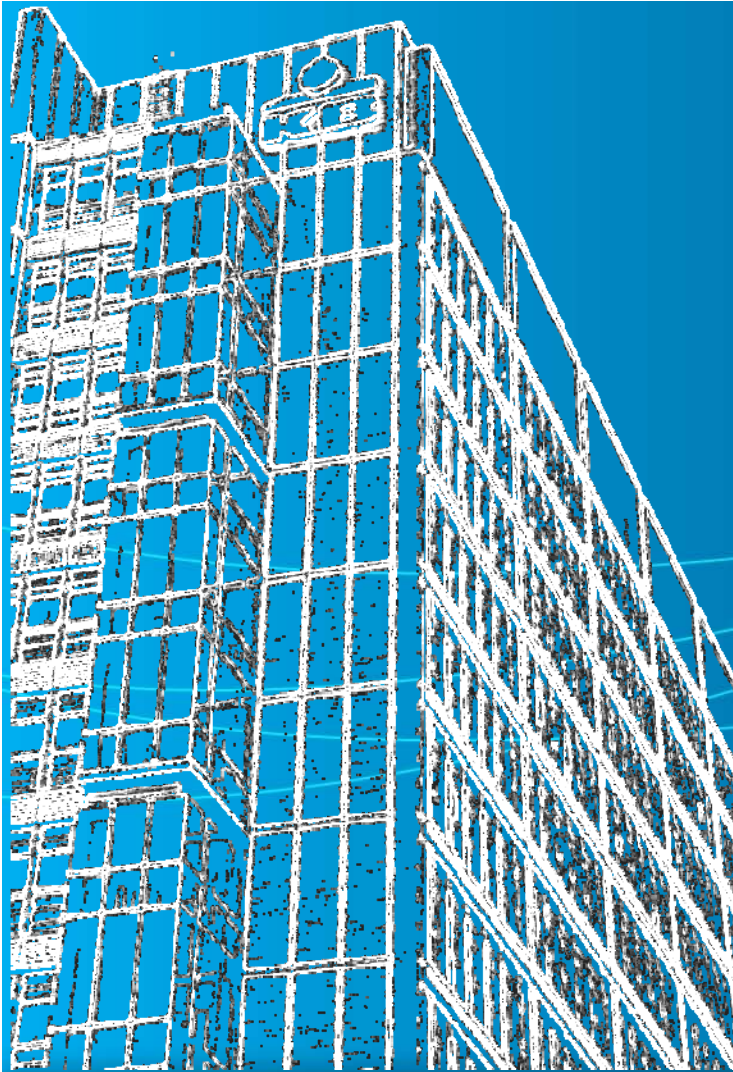


# Kredyt Bank Group

## Financial Results for 3Q 2010

Investor Relations Office  
Warsaw, November 9, 2010





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



## Key messages – increase of income from banking activity and equity allocation optimisation

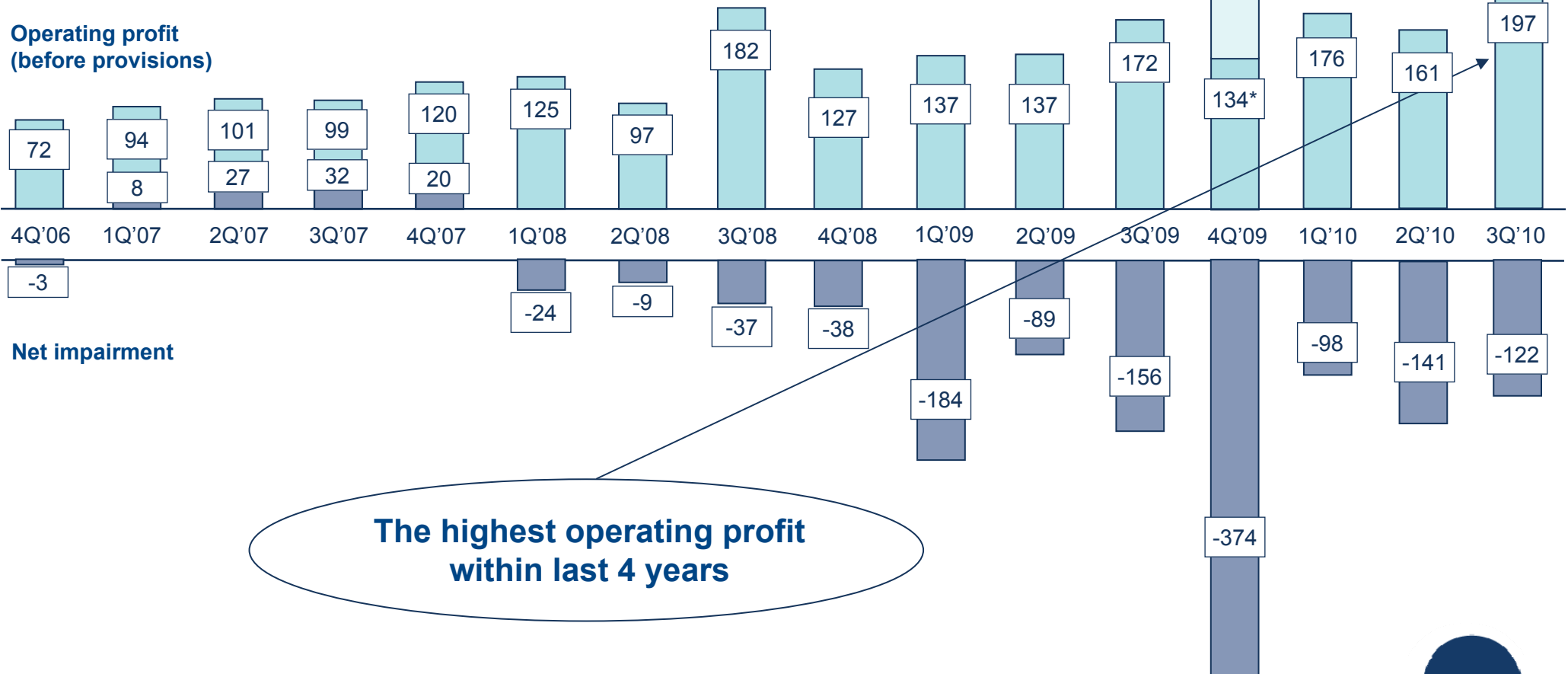
- ✓ Net profit after three quarters of 2010 (cumulatively) equal to PLN 129 mln vs PLN 14 mln in the same period of 2009. Net profit in 3Q 2010 at the level of PLN 56 mln vs PLN 14 mln in 2Q 2010.
- ✓ Operating profit (before provisions) after three quarters of 2010 (YTD) equal to PLN 533 mln vs PLN 446 mln in the same period of 2009 (improvement by 19,5%). Operating profit (before provisions) in 3rd quarter of 2010 equal to PLN 197 mln vs PLN 161 mln in 2nd quarter of 2010 (improvement by 22,4%).
- ✓ Cost/Income ratio at the level of 56,3% after three quarters of 2010 (YTD) vs 63,1% in September 2009 (YTD) – improvement by 6,8 pp. C/I in 3Q 2010 was equal to 54,4% in comparison with 58,5% in 2Q 2010 (improvement by 4,1 pp.).
- ✓ CAR equal to 12,3% in 3Q 2010 vs 11,4% in 3Q 2009. The improvement was related among others to the decrease of corporate loan portfolio by 16% which took place during the last 12 month. Simultaneously segment revenues realised in 3Q 2010 were at the level of 3Q 2009 (PLN 107,6 mln zł vs 107,5 mln zł).



# Operating profit (before provisions)

in PLN mln

Operating profit  
(before provisions)



The highest operating profit  
within last 4 years

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



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## Financial highlights - indicators

	3Q'10	2Q'10	3Q'09	2010-2009 pp / %	
Cost/Income (quarterly)	54,4%	58,5%	58,8%	-4,4pp	↓
ROE (cumulatively)	5,5%	3,9%	3,2%	2,3pp	↑
Loans/Deposits	103,9%	105,1%	120,9%	-17,0pp	↓
Loans/Deposits (adjusted) <sup>1</sup>	70,4%	68,0%	78,5%	-8,1pp	↓
CAR	12,3%	12,1%	11,4%	+0,9pp	↑
FTE (ths)	4,8	4,9	6,2	-21,9%	↓
Branch network - KB	383	384	407	-5,7%	→

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



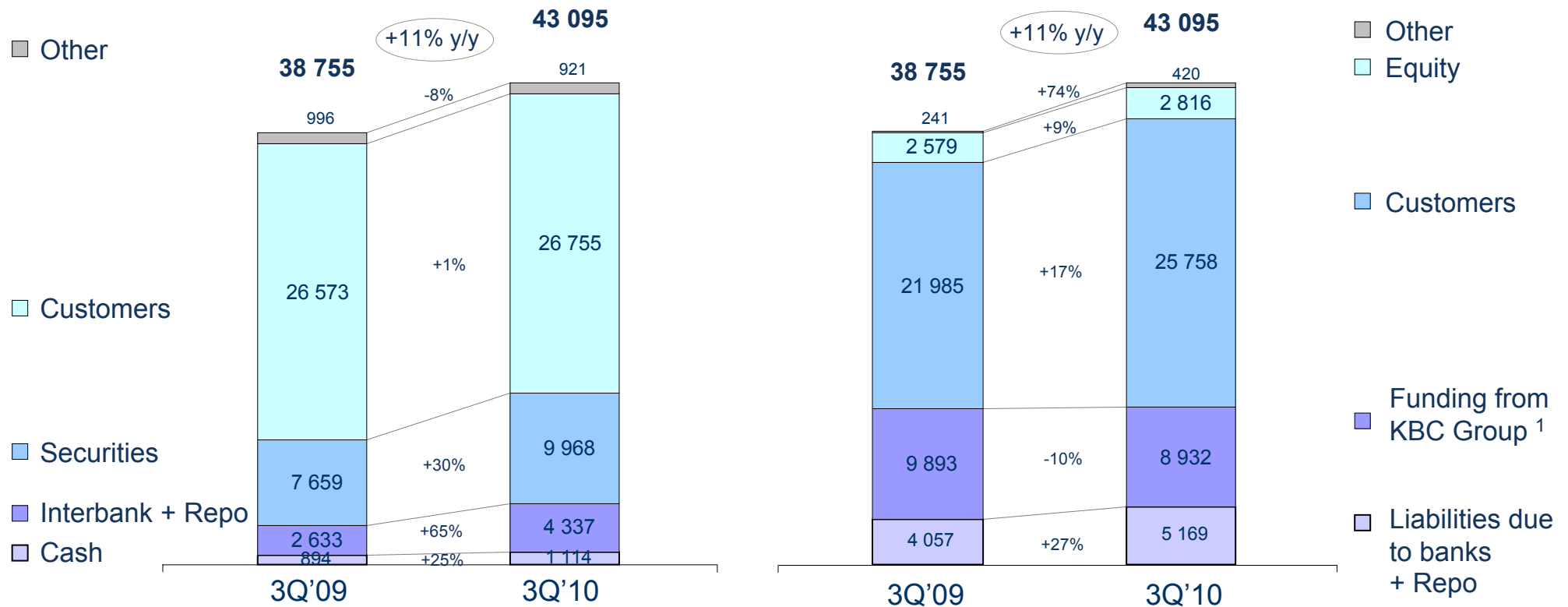
# Balance sheet breakdown

## ASSETS

in PLN mln

## LIABILITIES & FUNDS

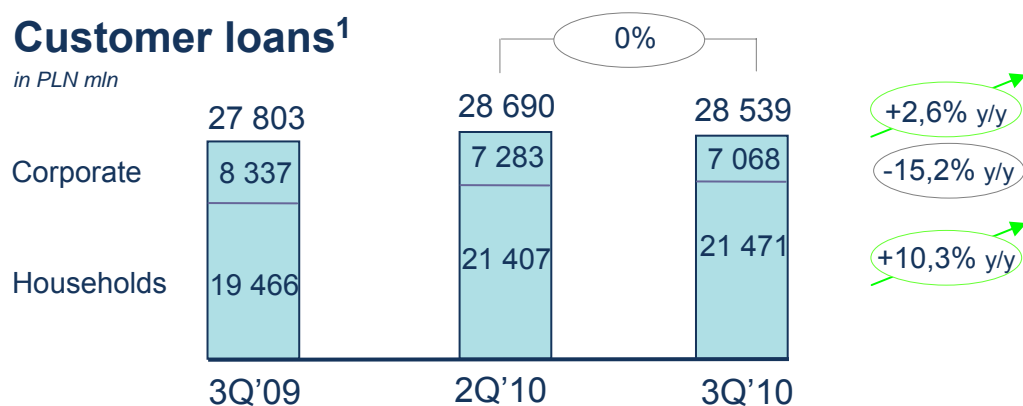
in PLN mln



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

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

in PLN mln

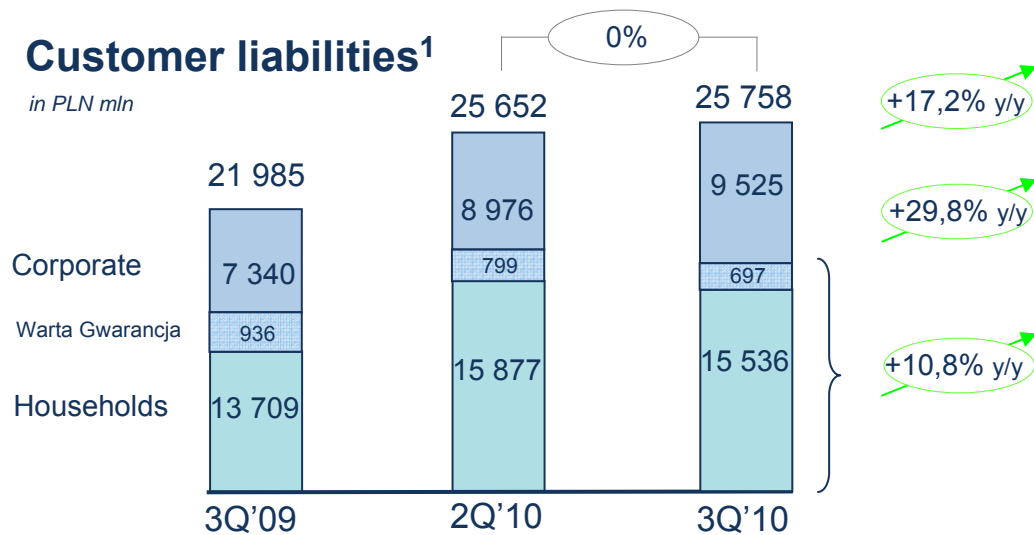


## KB market share - loans<sup>2</sup>

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

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

in PLN mln



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

	3Q'09	2Q'10	3Q'10
Total deposits	3,5%	3,7%	3,6%
Household deposits <sup>3</sup>	3,8%	3,9%	3,8%
Corporate deposits	2,9%	3,3%	3,4%

<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 3Q'10 – P&L

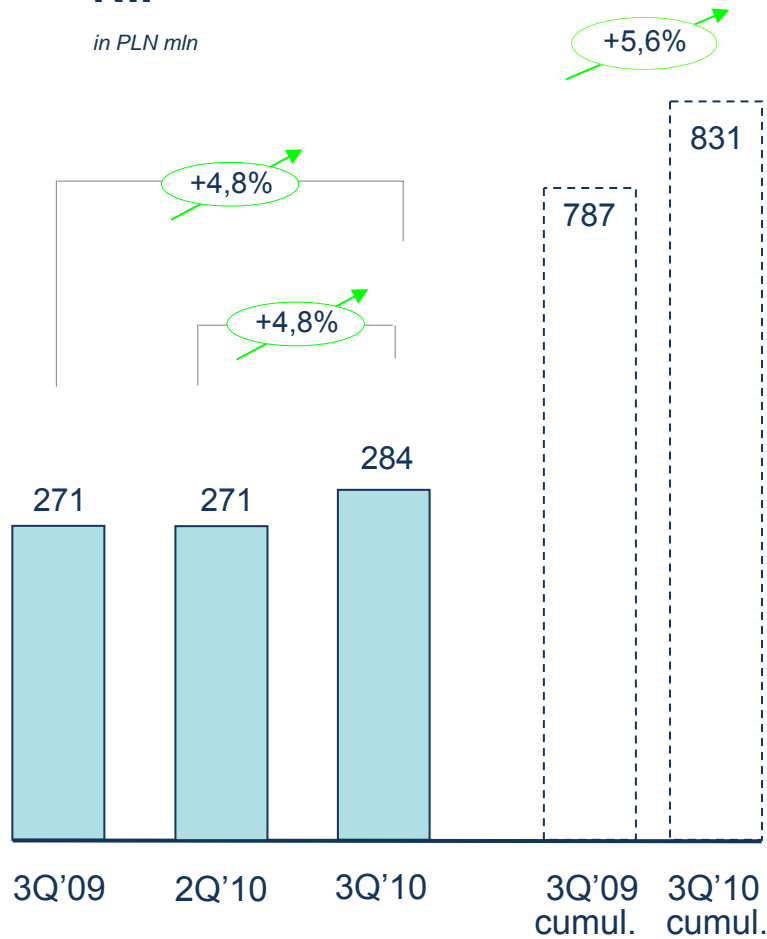
	3Q'10	3Q'09	Δ y/y mln	Δ y/y %	
<b>NII + NFC</b> (PLN mln)	1 071,5	1 014,8	+56,6	+5,6%	↑
<b>Gross operating income</b> (PLN mln)	1 219,8	1 210,2	+9,6	+0,8%	↑
<b>General administrative expenses</b> (PLN mln)	-686,7	-764,0	-77,3	-10,1%	↓
<b>Operating profit</b> (PLN mln)	533,1	446,2	+86,9	+19,5%	↑
<b>Net impairment and provisions</b> (PLN mln)	-360,5	-429,7	-69,2	-16,1%	↓
<b>Net profit</b> (PLN mln)	128,8	14,4	+114,4	+793,4%	↑



# Net interest, net fees and commissions

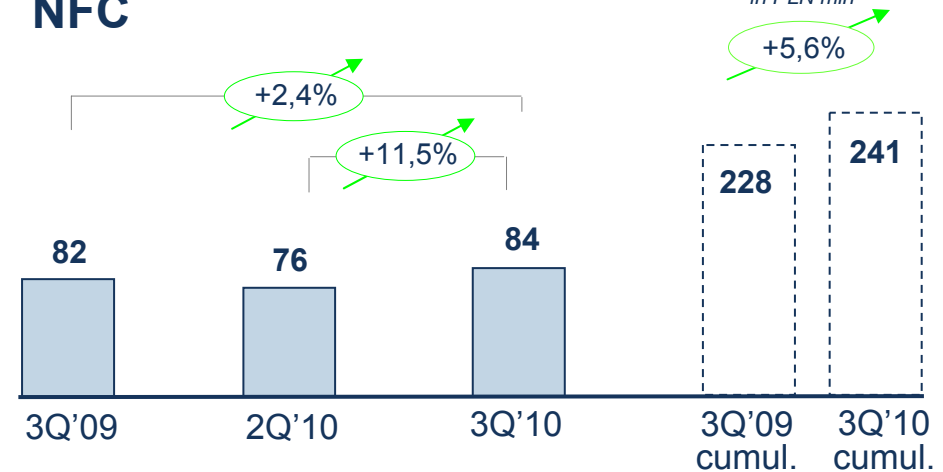
## NII

in PLN mln

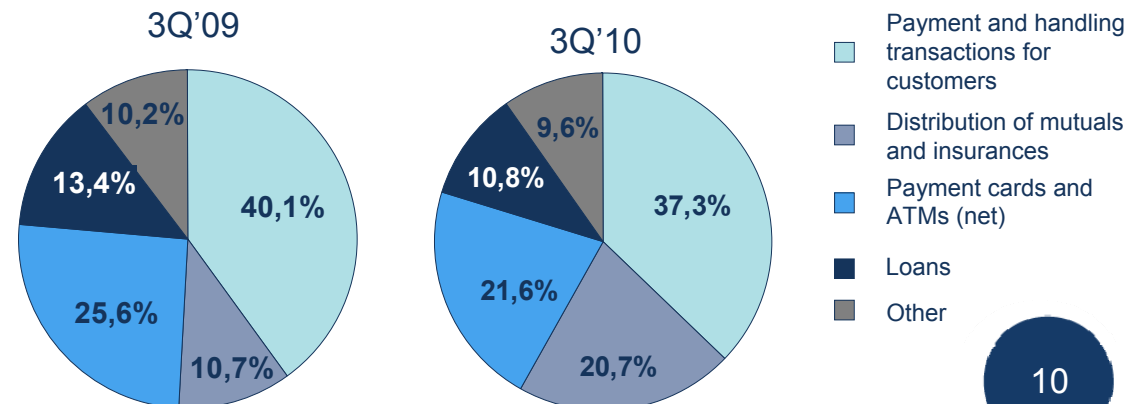


## NFC

in PLN mln



## F&C (income structure)

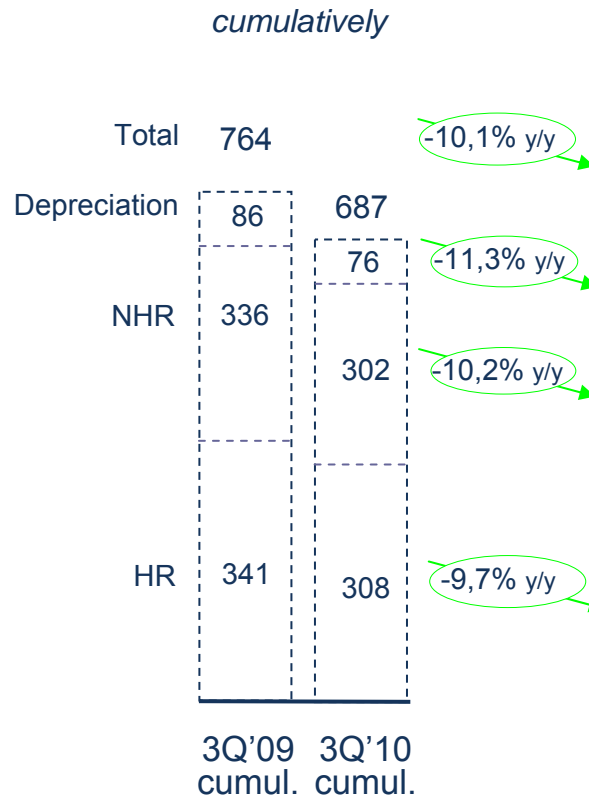
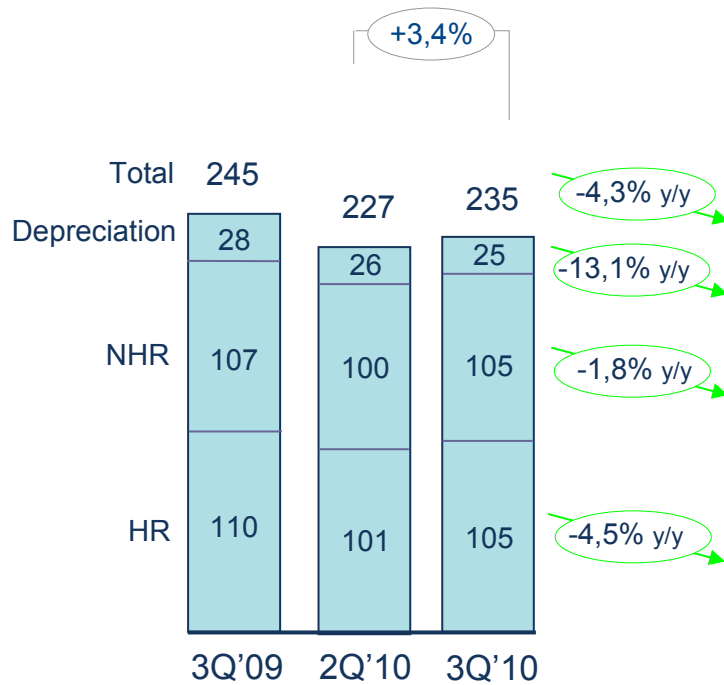




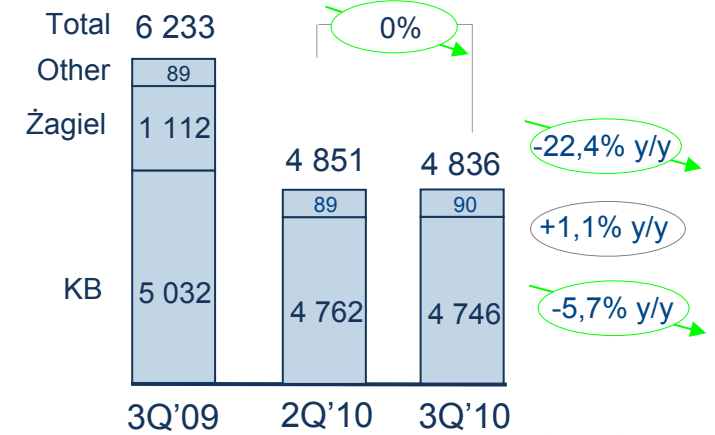
# General administrative expenses

## General administrative expenses

in PLN mln



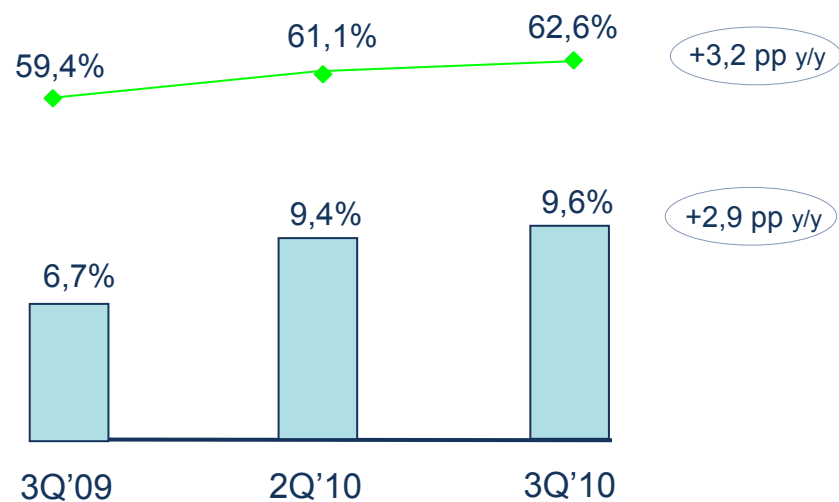
## FTEs





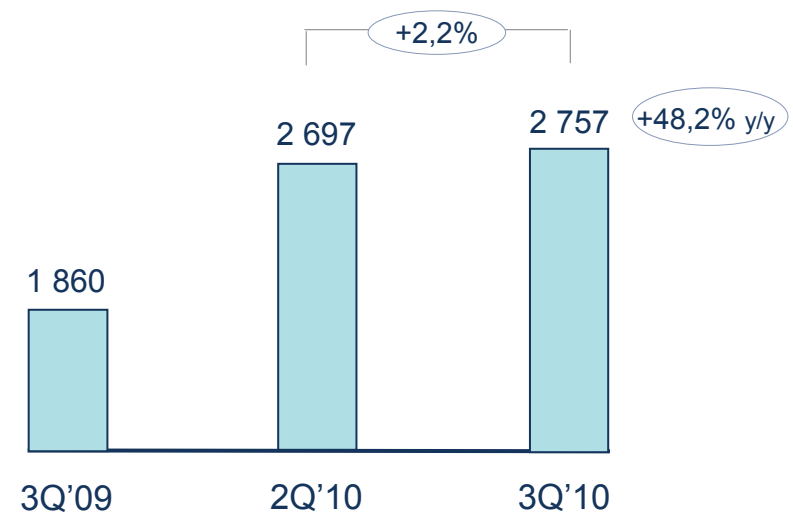
# Loans quality

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



## Impaired loans - volume

in PLN m



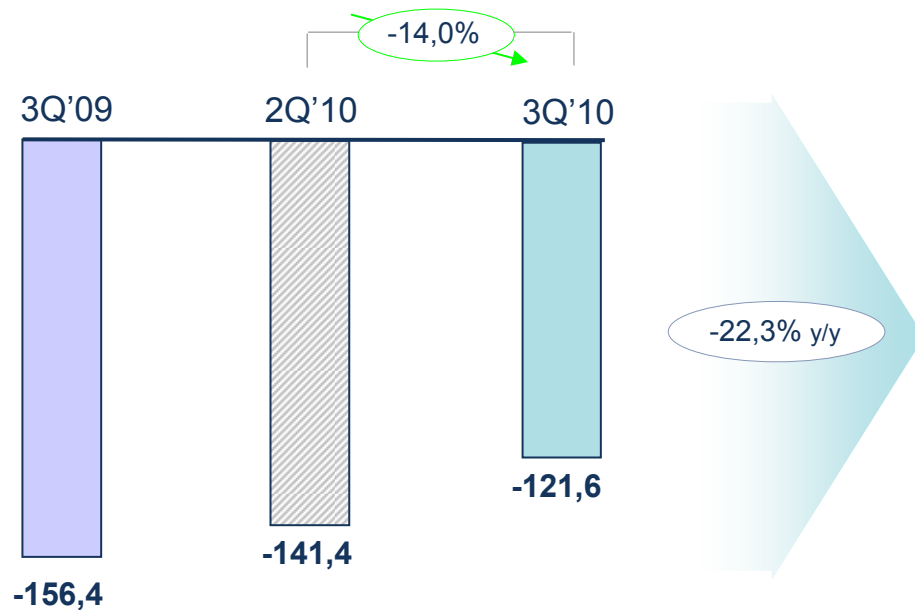
<sup>1</sup> On customers' portfolio basis, banks excluded



# Net Impairment – breakdown by segments

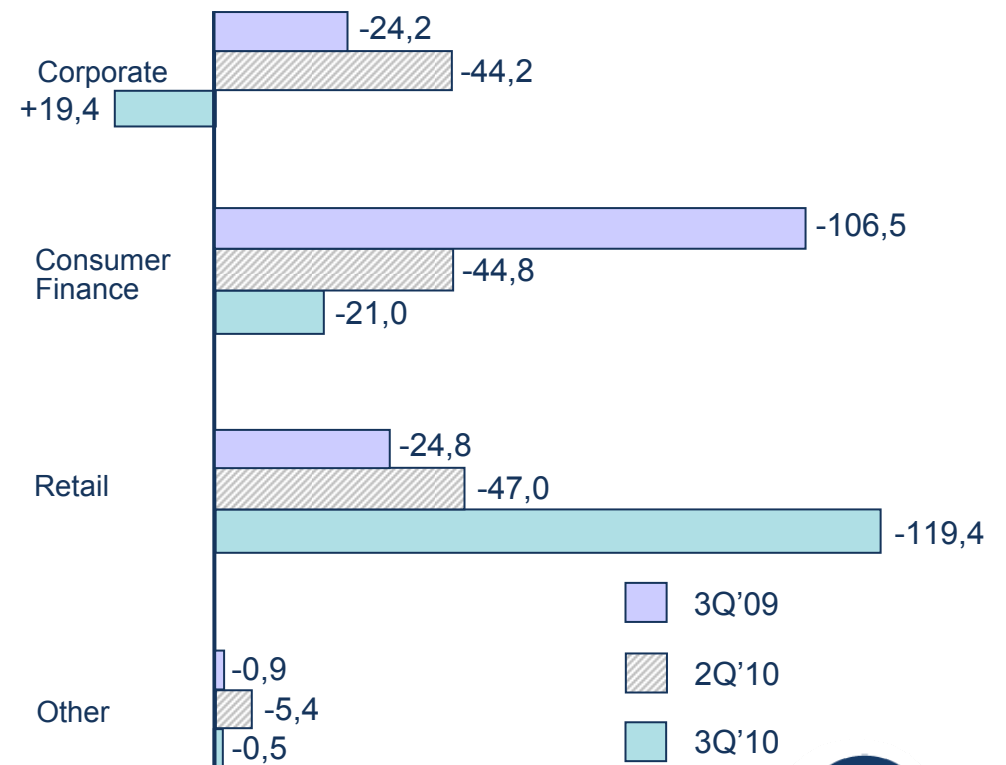
## Net impairment

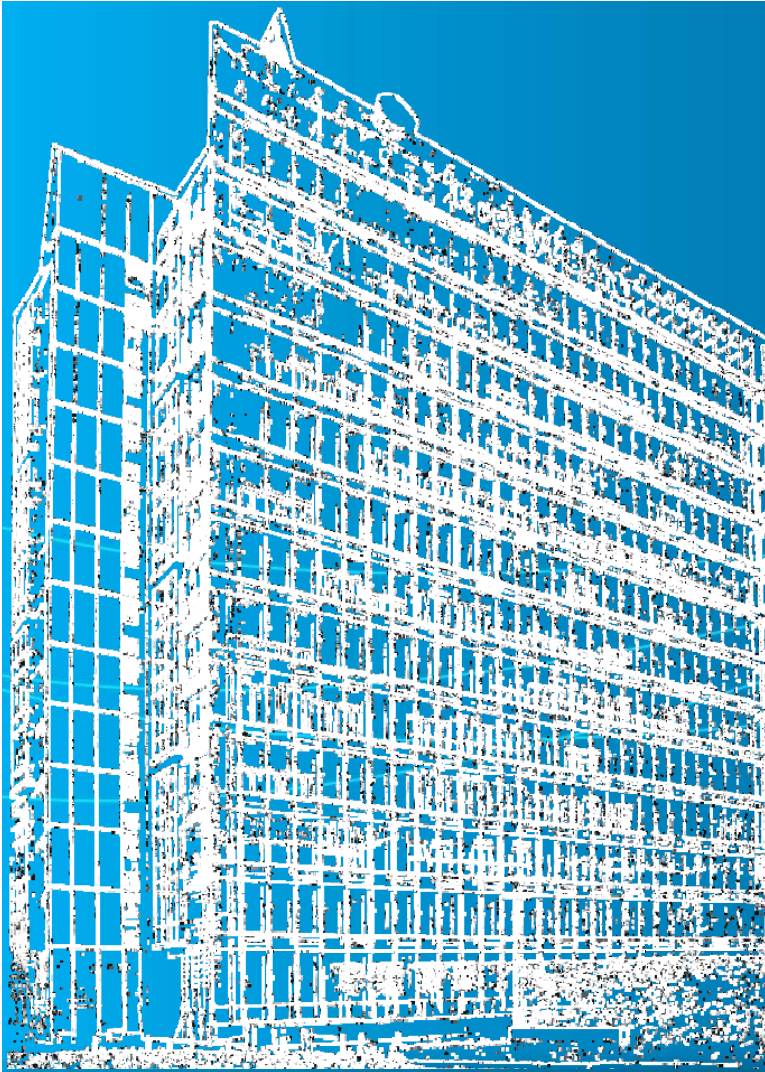
quarterly, in PLN mln



## Net impairment – breakdown by segments

mln PLN





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# Retail sales activity - deposit, investment, insurance products

- ✓ Continuation of deposits collection strategy and its conversion to investment funds. **Gross sales of investment products reached the amount equal to more than PLN 1 700 mln without significant effect on the size of deposit base.** High sales through inter alia wide range of KBC TFI products (4,8% shares in the assets under management market):
  - two subscriptions of Closed Investment Funds KBC TFI (auto-call design): **KBC Kupon Jumper FIZ i KBC Poland Jumper 3 FIZ**, which brought almost **200 mln PLN** of assets;
  - offer of 3 Closed Funds Global Partners: PL KBC Booster 1, PL KBC Kupon3, PL KBC Kupon 4;
  - since the beginning of the year the sales of Open Investment Funds amounted to almost **PLN 650 mln** (mainly funds based on debt and money markets).
- ✓ **The market share of KBC TFI S.A.** in the market of capital protected investment funds (assets under management) as at the end of 3Q 2010 amounted to **56,2%**.
- ✓ **Investment insurance Profit Plan** is a sales hit – totally since the beginning of the year the sales exceeded **PLN 430 mln**, with over **PLN 220 mln** was reached in the third quarter of 2010.
- ✓ Within third quarter 3 subscriptions of structured deposits based on EUR/PLN exchange rate for the affluent and Private Banking customers were launched. The amount of PLN 150 mln was collected. Since the beginning of the year within the framework of 8 subscriptions, the amount equal to more than PLN 430 mln was gained. 131 structured deposits were launched on the market in 2010. The share of KB in the number of products was equal to 7%. According to our estimations **the market share of KB as far as the volume of sales is concerned was equal to 23%**.





## Retail sales activity - loans

### ✓ Mortgage loan

- in July the sale within the framework of spring market campaign was ended:
  - the campaign goal was fulfilled in 15% (PLN 1,1 bln)
  - in July KB was ranked fourth on the market as far as the new sale was concerned with the share of 9%;
- 235% sales growth in 3Q 2010 in comparison with 3Q 2009

### ✓ Cash loan

- more than 6.500 of loans, with a total value equal to PLN 80,7 mm granted to the existing clients within the framework of promotional campaign, which took place in September, titled: "Invest in yourself and the education of your family";
- the number of loans with insurance was increased within the said promotional campaign

- ✓ Increase of the sale of the overdraft in the 3 quarters of 2010 by 56% in comparison to the same period last year (in case of the volumes sold, the increase is equal to 63%).







# Retail sales activities support – current account and related products

SPRAWDZ, KTORY PROFIL PASUJE DO CIEBIE

✓ From September 6 the pilot phase of new current accounts offer, called „PROFILE” is running in selected units of the Bank, the offer will be available across the network from November 2010:

- **35% of customers, bought „higher” account** in comparison with the current account owned previously
- **up to 23% of customers bought additional product** (overdraft, credit card or debit card),
- important tool to customers loyalty increase since the beginning of relation (increase of the average number of products per customer).

✓ Fee and commission income of the Bank will aim to increase the stable part, based on periodic fees

	RACHUNEK PODSTAWOWY
	cena produktu/usługi
opłata miesięczna za rachunek	7 zł
karta debetowa Kontakt	2 zł
ubezpieczenie do karty debetowej Kontakt	3 zł
dostęp do KB24 (Internet i telefon)	0 zł
wpłaty gotówkowe na Ekstrakonto	0,2% min. 7 zł
przelew w KB24 (Internetowy)	1 zł
wypłaty w bankomatach KB	0 zł
wypłaty w bankomatach partnerskich	1 zł
wypłaty w pozostałych bankomatach krajowych	3% min. 5 zł
karta kredytowa (Visa Flag, MC Electronic/Visa Classic/Visa Gold)	25 zł /75 zł /180 zł
limit kredytowy	1,99% min. 50 zł
realizacja zlecenia stałego	1,25 zł
realizacja polecenia zapłaty	1 zł
dodatkowa karta debetowa Kontakt i ubezpieczenie do karty	5 zł
definiowanie/zmiana/usunięcie zlecenia stałego (TeleKB/KB24)	1,5 zł / 1 zł
przelew w Tele KB/Oddziale	2,49 zł / 5,95 zł
Assistance	5 zł
ubezpieczenie NNW (20 000 zł)	6 zł
Doradca	
opłata miesięczna za pakiet	
oszczędności w porównaniu z Rachunkiem Podstawowym	
oszczędności w skali roku	

PROFIL SPOKOJNY	PROFIL AKTYWNY	PROFIL AMBITNY	PROFIL ZDOBYWCY
dostępność produktu/usługi w pakiecie	dostępność produktu/usługi w pakiecie	dostępność produktu/usługi w pakiecie	dostępność produktu/usługi w pakiecie
bezpłatnie	bezpłatnie	bezpłatnie	bezpłatnie
bezpłatnie	bezpłatnie	bezpłatnie	bezpłatnie
bezpłatnie	bezpłatnie	bezpłatnie	bezpłatnie
bezpłatnie	bezpłatnie	bezpłatnie	bezpłatnie
1/miesiąc	3/miesiąc	bezpłatnie	bezpłatnie
3/miesiąc	6/miesiąc	10/miesiąc	bezpłatnie
bezpłatnie	bezpłatnie	bezpłatnie	bezpłatnie
2/miesiąc	5/miesiąc	10/miesiąc	bezpłatnie
	Visa Flag/MC Electronic	Visa Classic	Visa Gold
	bezpłatnie	bezpłatnie	bezpłatnie
	bezpłatnie	bezpłatnie	bezpłatnie
	bezpłatnie	bezpłatnie	bezpłatnie
		bezpłatnie	bezpłatnie
		bezpłatnie	bezpłatnie
			bezpłatnie
			bezpłatnie
			bezpłatnie
		Doradca	Doradca
12 zł	20 zł	30 zł	60 zł
do 29%	do 36%	do 40%	nieograniczone
około 60 zł	około 100 zł	około 200 zł	około 300 zł

# Enterprise banking

- Cycle of 50 local conferences „Capital and safety of your company - possibilities, threads, opportunities”

CO-ORGANISERS: Kredyt Bank i WARTA

conferences PARTNERS: GPW, KIG, KR D i KIBR

- panel discussion with invited guests and experts,
- average number of participants about 40
- very good evaluation by the participants of the conference
- patronage of local authorities and close cooperation with regional chambers and business associations



**Fulfilled:**

**Olsztyn, Łomża, Bielsko-Biała, Częstochowa,  
Łódź, Zamość, Wałbrzych, Zielona Góra.**

**Planned:**

**another 10 conferences this year and 33 in 2011**

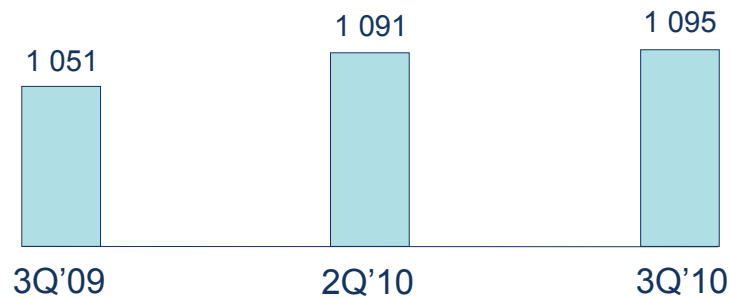
## Best partner in business 2010





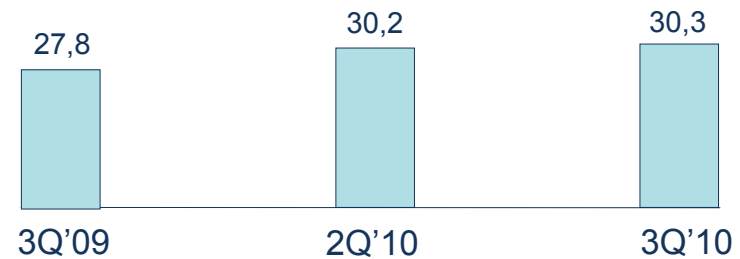
# Retail banking performance

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

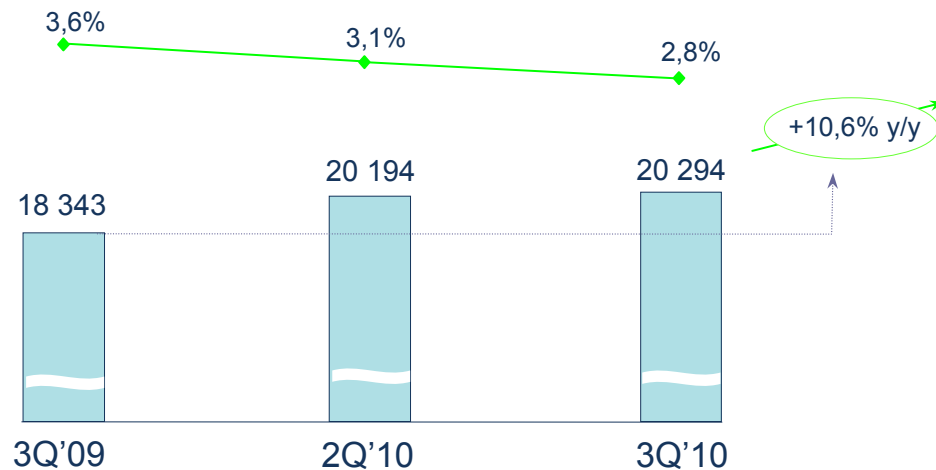


**Customer business per client<sup>1</sup>**

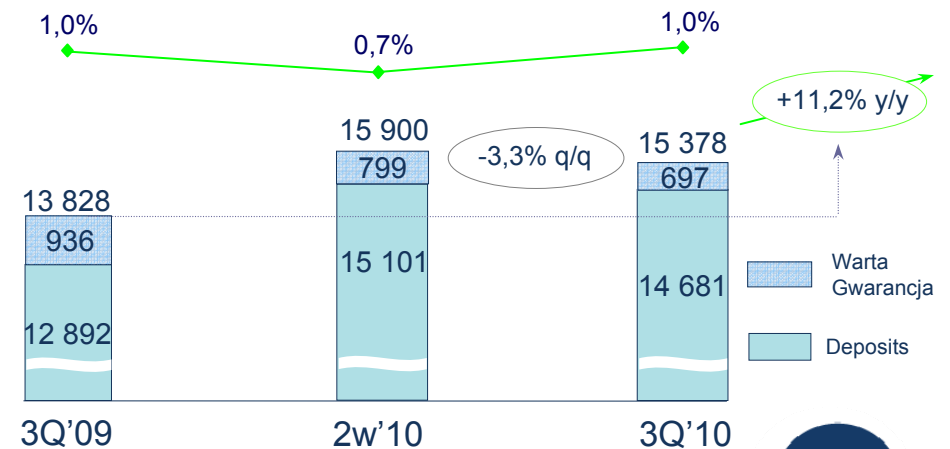
*Quarterly in PLN ths*



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



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



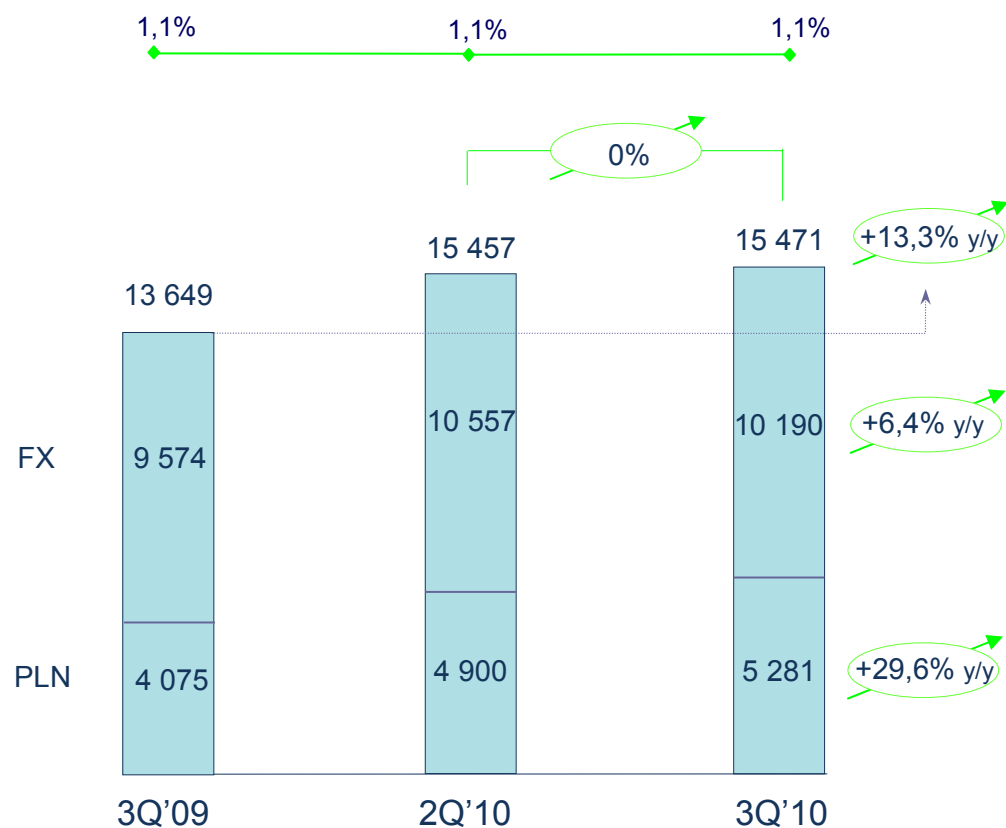
<sup>1</sup> retail segment customers, data according to internal segmentation, after resegmentation performed in the 1Q'10, loan portfolio includes Zagiel brokerage channel



# Retail banking - mortgage loans

## Mortgage loans – portfolio, margin

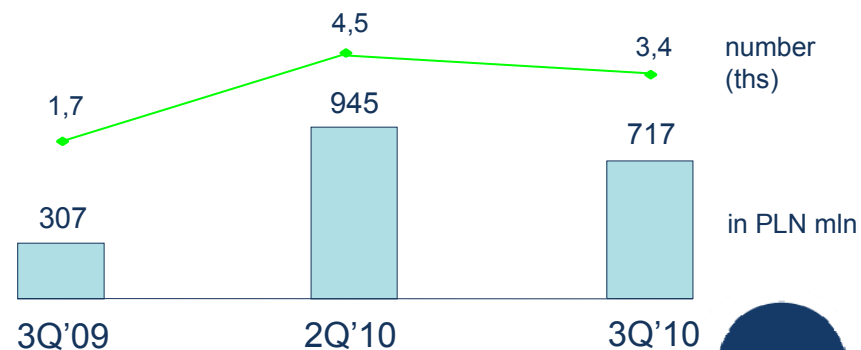
in PLN mln



## KB market share

	3Q'09	2Q'10	3Q'10
Total mortgage loans	6,5%	6,2%	6,1%
PLN	5,7%	5,4%	5,5%
FX	6,9%	6,6%	6,5%

## Mortgage loans – quarterly sale

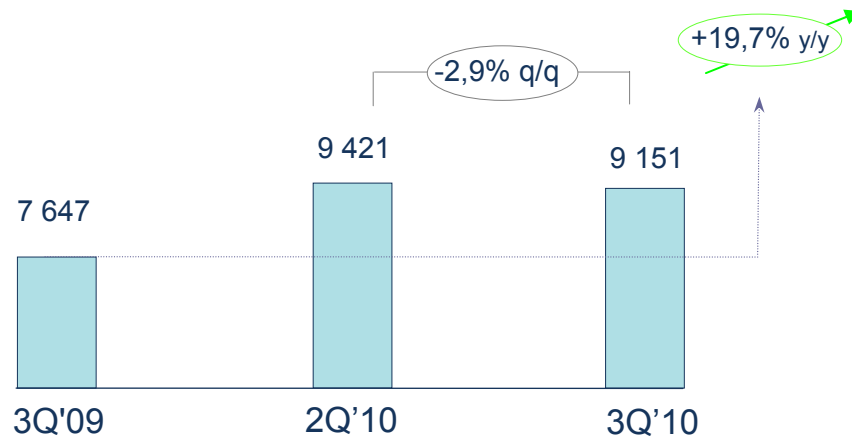




# Retail banking - products

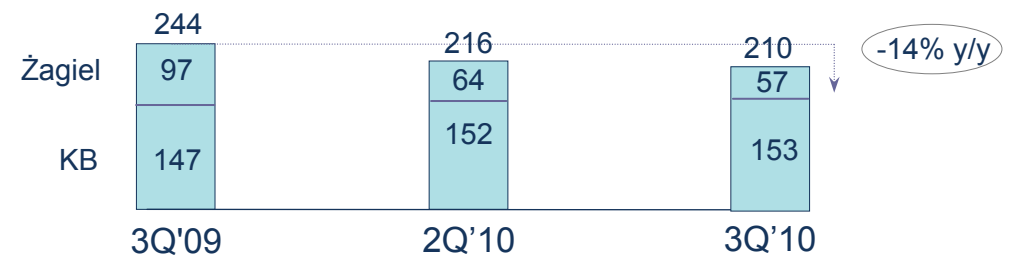
## Saving accounts - volume

in PLN mln



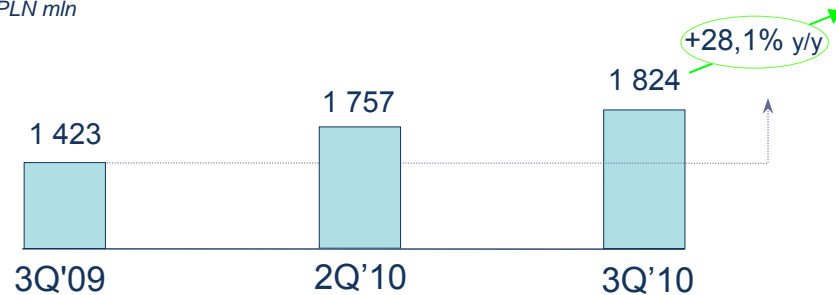
## Credit cards - quantity

cards in use, in ths.



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

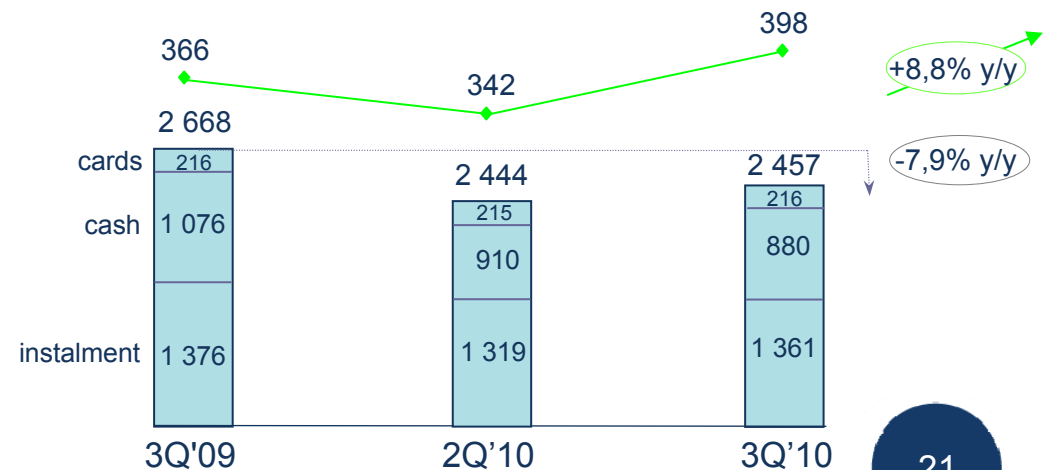
in PLN mln



## Loans granted by Żagiel – portfolio

Quarterly sale

in PLN mln

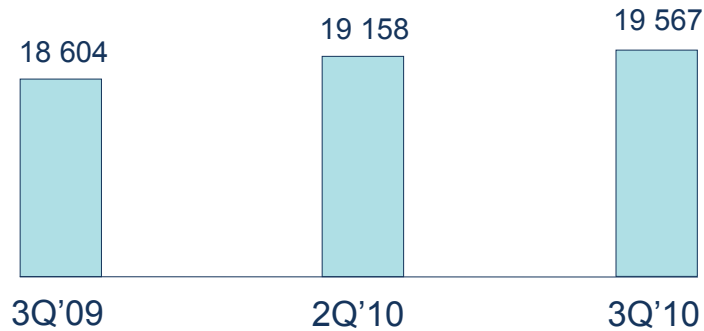


<sup>1</sup> portfolio by products split – estimation based on MIS



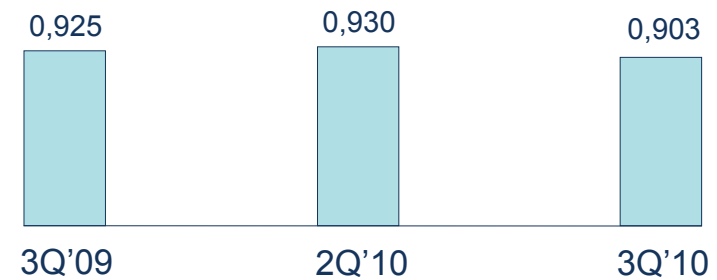
# Enterprise banking performance

## Number of clients

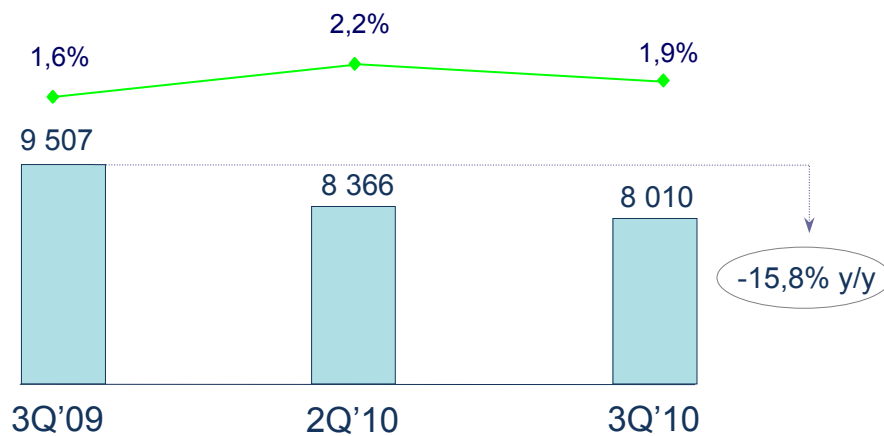


## Customer business per client

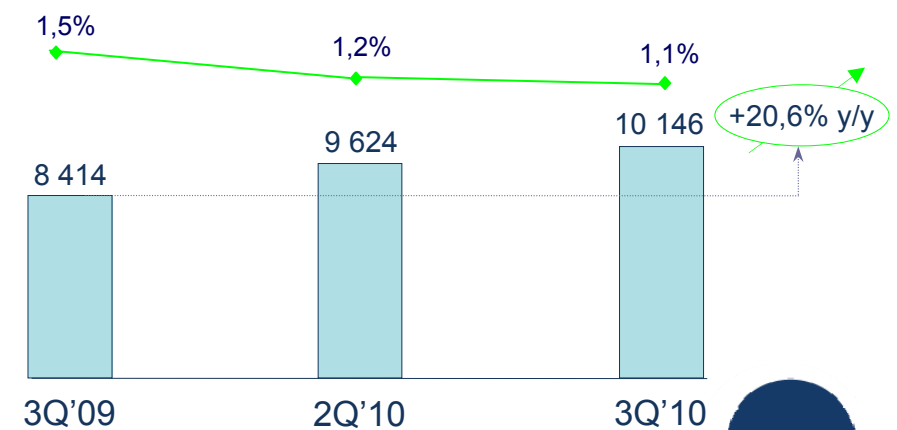
quarterly in PLN mln



## 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.



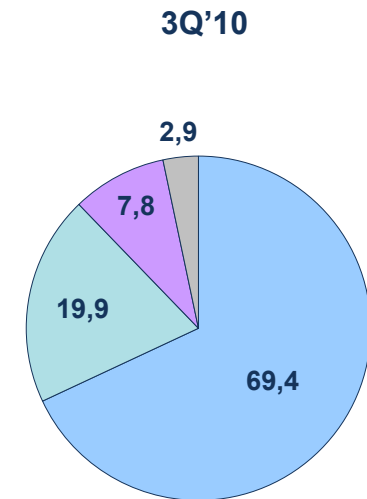
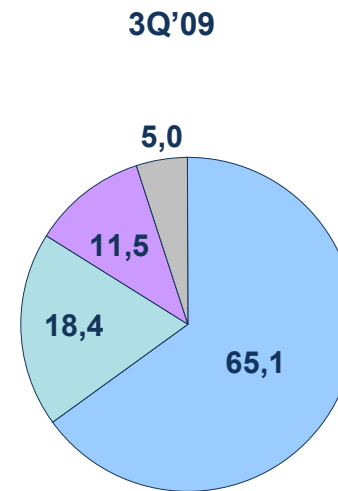
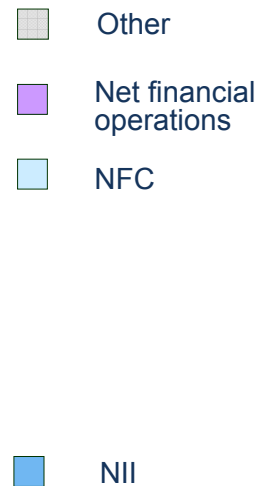
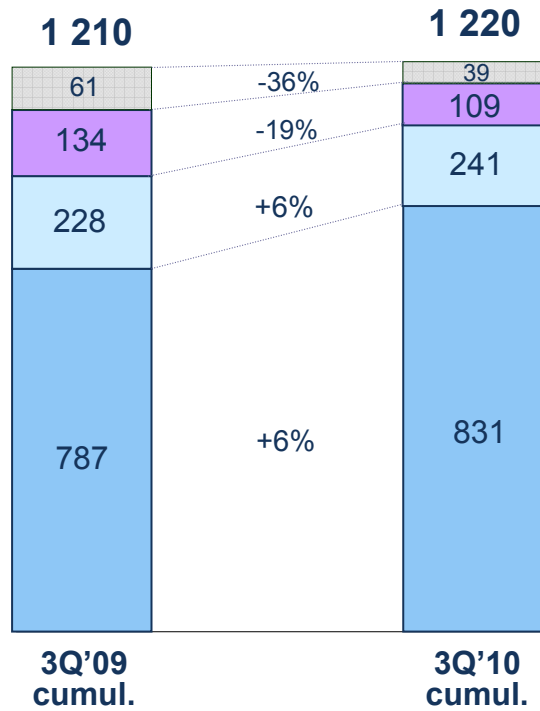
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# Gross operating income breakdown (cumulatively)

in PLN mln

+1% y/y







## Financial highlights – P&L (quarterly)

	3Q 2010	2Q 2010	1Q 2010	4Q 2009	3Q 2009
<b>NII + NFC</b> (PLN mln)	367,7	346,8	357,0	350,5	352,8
<b>Gross operating income*</b> (PLN mln)	431,5	387,8	400,4	662,0	417,0
<b>General administrative expenses</b> (PLN mln)	234,7	227,0	224,9	260,1	245,4
<b>Operating profit*</b> (PLN mln)	196,8	160,8	175,6	401,9	171,6
<b>Net impairment and provisions</b> (PLN mln)	-121,6	-141,4	-97,6	-373,5	-156,4
<b>Net profit</b> (PLN mln)	55,5	13,8	59,6	20,1	10,4

\* 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

PLN mln	3Q'10	2Q'10	3Q'09	Δ y/y mln	Δ y/y %	
<b>HR costs:</b>	<b>105,2</b>	<b>101,5</b>	<b>110,2</b>	<b>-5,0</b>	<b>-4,5%</b>	↓
<b>Operating expenses including <small>inter alia:</small></b>	<b>104,8</b>	<b>100,2</b>	<b>106,8</b>	<b>-2,0</b>	<b>-1,8%</b>	↓
Costs of buildings' rental	21,6	20,3	26,0	-4,4	-16,9%	↓
IT & telecommunication costs	20,5	18,2	19,0	-1,5	-7,9%	↓
Advisory costs	6,2	4,9	4,3	-1,9	-46,2%	↓
Postal charges	7,2	7,9	7,2	0,0	+0,7%	↑
Costs of buildings' maintenance and repairs	5,1	4,8	5,6	-0,5	-9,3%	↓
<b>Depreciation:</b>	<b>24,7</b>	<b>25,4</b>	<b>28,4</b>	<b>-3,7</b>	<b>-13,1%</b>	↓



# Balance sheet

## ASSETS

<i>(PLN mio)</i>	3Q'10	3Q'09	Δ mln	Δ %
Cash and balances with Central Bank	1 114	223	892	401%
Amounts due from banks and financial assets at fair value	4 337	2 411	1 926	80%
Loans to customers	26 755	26 573	182	1%
Investments in securities	9 968	7 659	2 309	30%
Tangible and intangible fixed assets	584	690	-105	-15%
Other assets	336	305	31	10%
<b>Total Assets</b>	<b>43 095</b>	<b>38 755</b>	<b>4 340</b>	<b>11%</b>

## LIABILITIES

<i>(PLN mio)</i>	3Q'10	3Q'09	Δ mln	Δ %
Amounts due to banks	11 783	12 440	-657	-5%
Amounts due to customers	25 758	21 985	3 773	17%
Repo transactions	1 452	695	757	109%
Total equity including current net profit	2 816	2 579	237	9%
Subordinated liabilities	866	814	52	6%
Other liabilities	420	242	178	74%
<b>Total Equity and Liabilities</b>	<b>43 095</b>	<b>38 755</b>	<b>4 340</b>	<b>11%</b>



# Income statement

Quarterly (PLN m)

	3Q'10	3Q'09	Δ mln	Δ %
Net interest income	284	271	13	5%
Net fee and commission income	84	82	2	2%
Dividend, net trading income, profit (loss) from investment activities	48	42	5	12%
Other operating income and expenses	16	22	-6	-26%
Gross operating income	432	417	15	3%
Total costs	-235	-245	11	-4%
Operating profit	197	171	25	15%
Net impairment charges for financial assets, other assets and provisions	-122	-156	-112	-
Share of profits of associates	1	1	0	-
Profit before tax	76	16	60	375%
Income tax	-21	-6	-15	264%
Net profit	56	10	45	436%



# Contact information

## Investor Relations Office

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

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