



## **KREDYT BANK'S GROUP FINANCIAL RESULTS FOR Q2 2007**

**Warsaw, 10 August, 2007**

## AGENDA

1. FINANCIAL RESULTS
2. RETAIL BUSINESS LINE
3. CORPORATE BUSINESS LINE
4. APPENDIX

## FINANCIAL HIGHLIGHTS

	1H'07	ch y/y	Q1'07	Q2'07	Q2'06	Q2'07/ Q2'06
<b>Net Profit (PLN mln)</b>	<b>182</b>	<b>-39%</b>	<b>82</b>	<b>100</b>	<b>208</b>	<b>-52%</b>
<b>ROE*</b>	<b>17%</b>	<b>-7pp</b>	<b>15%</b>	<b>19%</b>	<b>21%</b>	<b>-2pp</b>
<b>Cost/Income</b>	<b>69%</b>	<b>+9pp</b>	<b>68%</b>	<b>69%</b>	<b>51%</b>	<b>+18pp</b>

Loss receivables sale in Q206 excluded

	1H'07	ch y/y	Q1'07	Q2'07	Q2'06	Q2'07/ Q2'06
<b>Net Profit (PLN mln)</b>	<b>182</b>	<b>+10%</b>	<b>82</b>	<b>100</b>	<b>77</b>	<b>+30%</b>
<b>ROE*</b>	<b>17%</b>	<b>-2pp</b>	<b>15%</b>	<b>19%</b>	<b>17%</b>	<b>+2pp</b>
<b>Cost/Income</b>	<b>69%</b>	<b>-5pp</b>	<b>68%</b>	<b>69%</b>	<b>77%</b>	<b>-8pp</b>

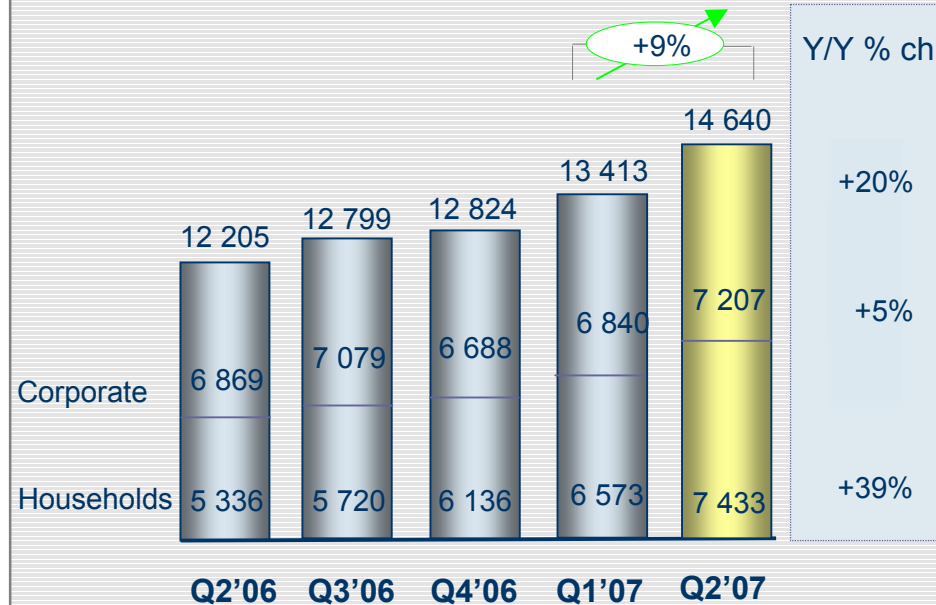
\* Net profit annualised

Source: KB Group Q2'07 consolidated financial statement

## KEY FEATURES FOR Q2'07

- **KB Group 2 quarter 2007 net profit is PLN 100 mln with ROE at 19%. Net operating profit (adjusted for one-off gains in Q2'06) increased by 20% y/y and by 8% compared to Q1'07. Main drivers were: net interest, fees and commissions and loan loss reserves.**
- **Customer business volumes continued to improve in Q2'07. Total assets grew by 13,6% y/y and by 11,3% q/q. Net customer loans increased by 29,6% y/y and by 10,8% q/q.**
- **Low cost of provisioning coupled with portfolio quality improvement. Q2'07 impaired loans/total loans stated at 10,6% vs 13,5% at 31.12.2006 and 21,4% at 30.06.2006.**
- **42 new branches became operational in 1H'07. KB network totals 363 units at the end of June 07.**
- **Products sale for Q2'07 :**
  - **Mortgage loans - PLN 1 247 mln, (+ 133% compared to Q2'06),**
  - **Credit cards - 157,8 thousands as of June-end ( 13% more than Q1'07-end and +76% compared to Q2'06-end),**
  - **Investment funds (AUM) – grew by PLN 619 mln**
  - **Cash loans (Żagiel +KB) – PLN 202 mln sold (+88% vs. Q1'07), balance amounted to 475 mln as at 30.06.2007**

Total Customer Credits<sup>1</sup> (PLN mln)



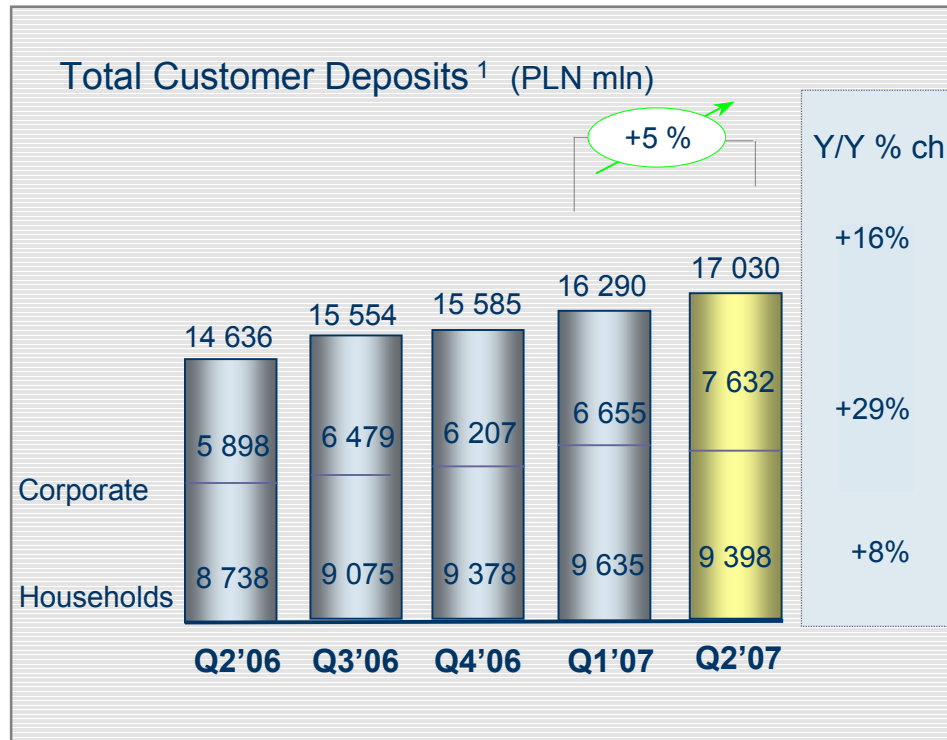
KB market share<sup>2</sup>

	Q2'06	Q1'07	Q2'07
<b>Total Loans</b>	<b>3,8%</b>	<b>3,5%</b>	<b>3,6%</b>
<b>Households Loans</b>	<b>3,4%</b>	<b>3,3%</b>	<b>3,4%</b>
<b>Corporate Loans</b>	<b>4,2%</b>	<b>3,7%</b>	<b>3,7%</b>

Upscale of credit exposure was associated with more operative sale of mortgages and progress in corporate lending.

<sup>1</sup> Bank only, EOP, according to NBP segmentation

<sup>2</sup> Comparable data for KB and banking sector – domestic residents only



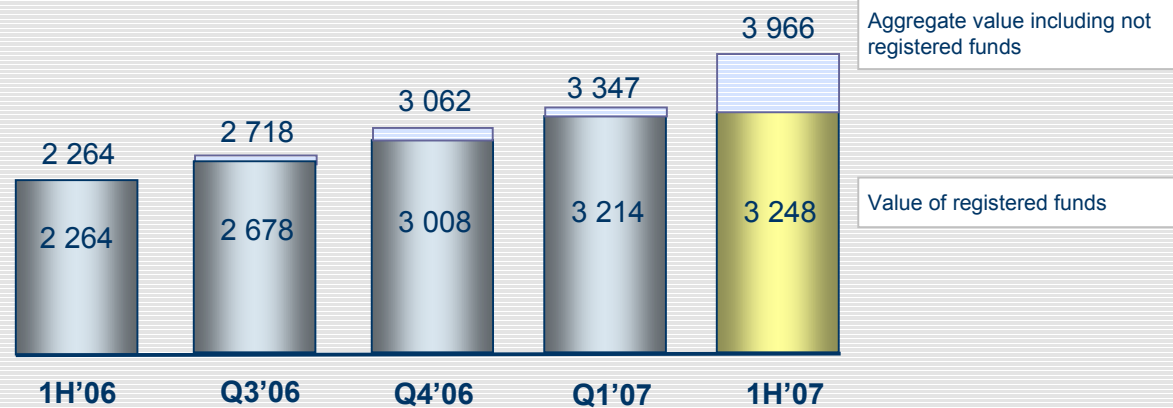
KB market share<sup>2</sup>

	Q2'06	Q1'07	Q2'07
Total Deposits	3,7%	3,6%	3,8%
Households Deposits	3,9%	3,9%	3,9%
Corporate Deposits	3,5%	3,3%	3,7%

<sup>1</sup> Bank only, eop, according to NBP segmentation; the figures for Q2'06–Q1'07 vary from those presented previously following reclassification of other amounts due to customers

<sup>2</sup> Comparable data for KB and banking sector – domestic residents only

Mutuals' volume change<sup>1</sup> (PLN mln)

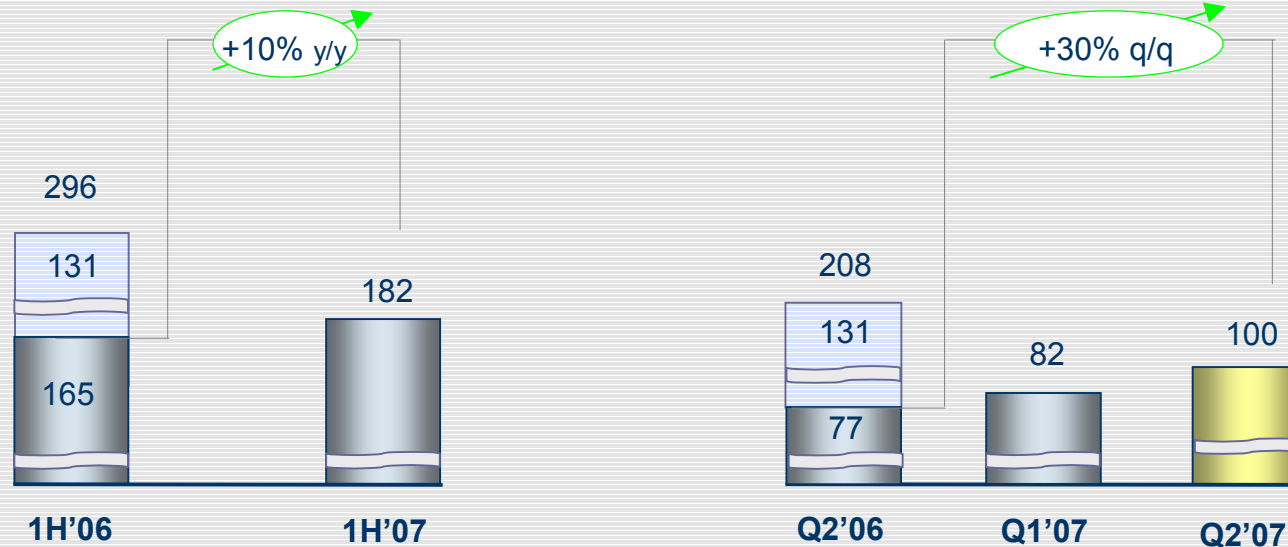


<sup>1</sup> Volume of investment funds and insurance capital funds collected through KB network

# NET RESULT AFTER TAX GENERATED IN Q2'07

Net Profit (cumulative in PLN mln)

(quart. in PLN mln)



Legend: Sale of receivables in Q2'06

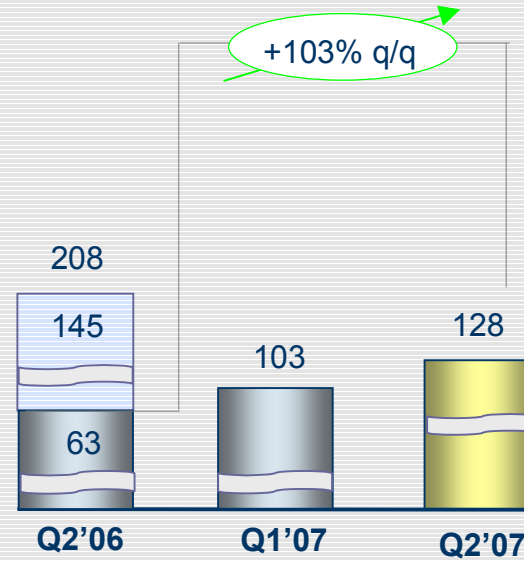
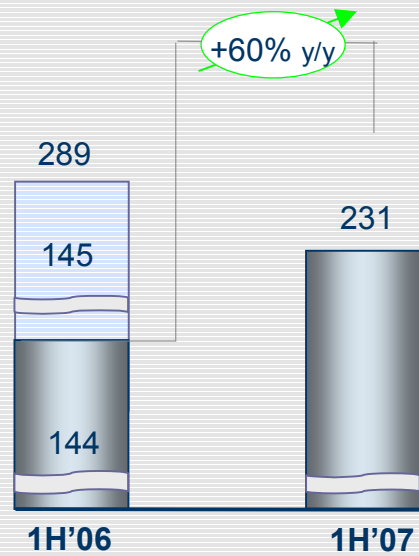
Net result's annual comparison adjusted for the sale transaction impact shows bottom line growing by 10% y/y and 30% q/q.



# GROSS PROFIT IN Q2'07

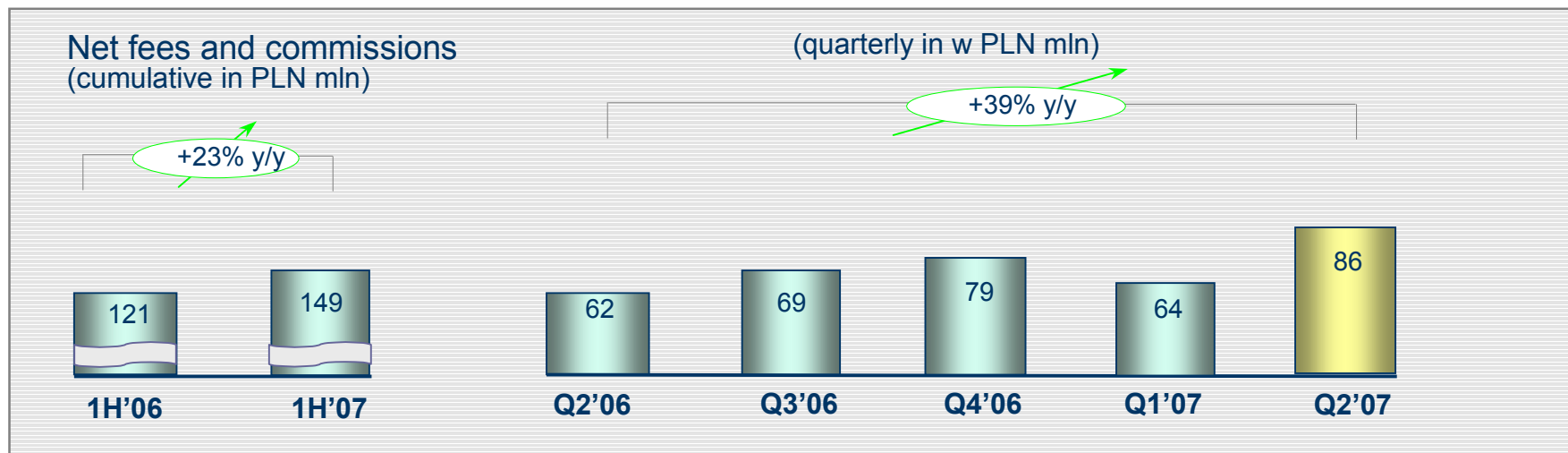
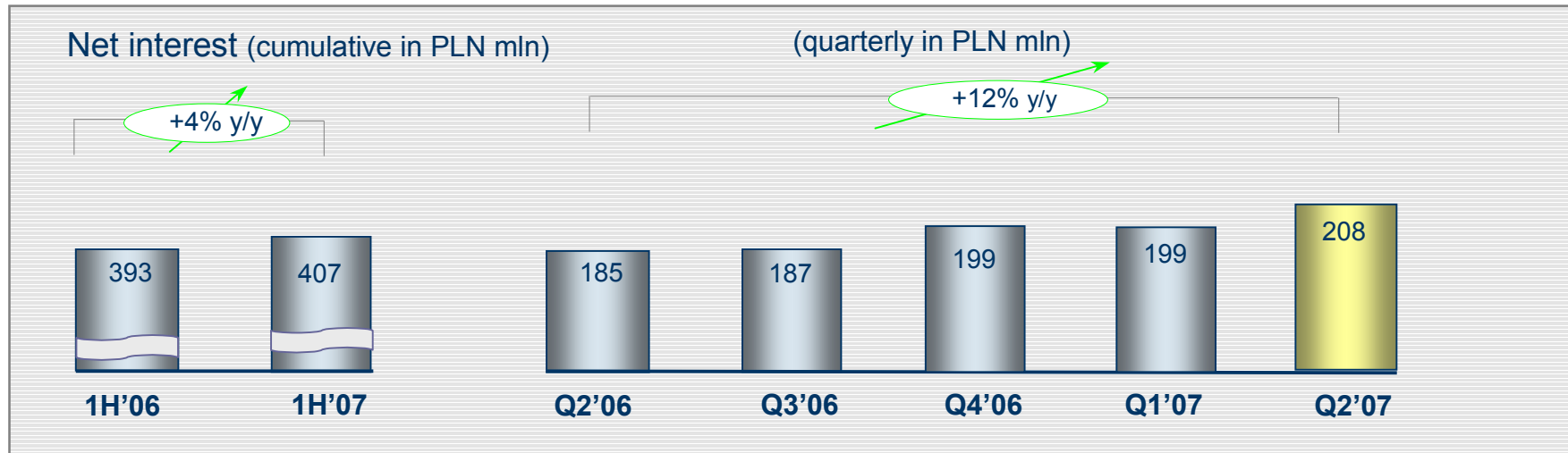
Gross Profit (cumul. in PLN mln)

(quart. in PLN mln)



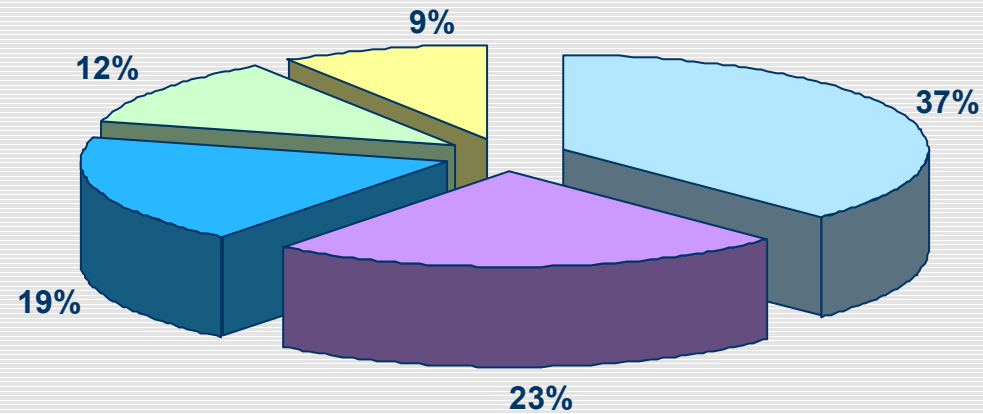
 Sale of receivables in Q2'06

# PERFORMANCE OF NET INTEREST AND COMMISSIONS

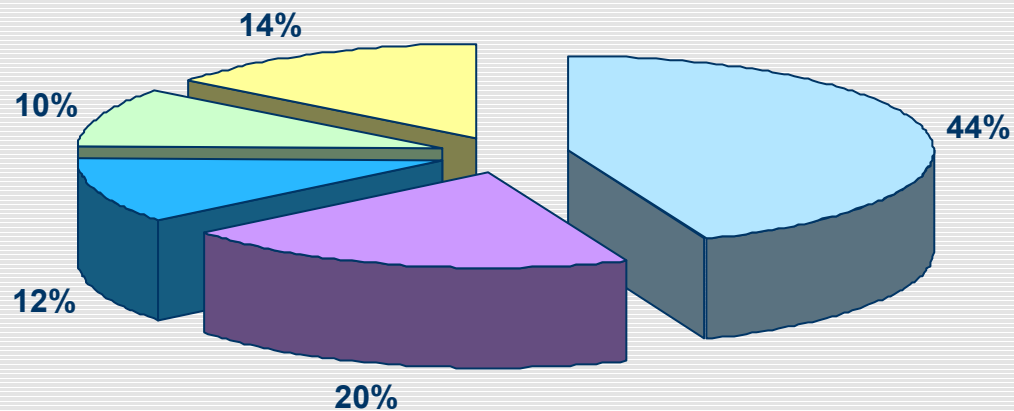


## FEES AND COMMISSION INCOME STRUCTURE

1H'07



1H'06

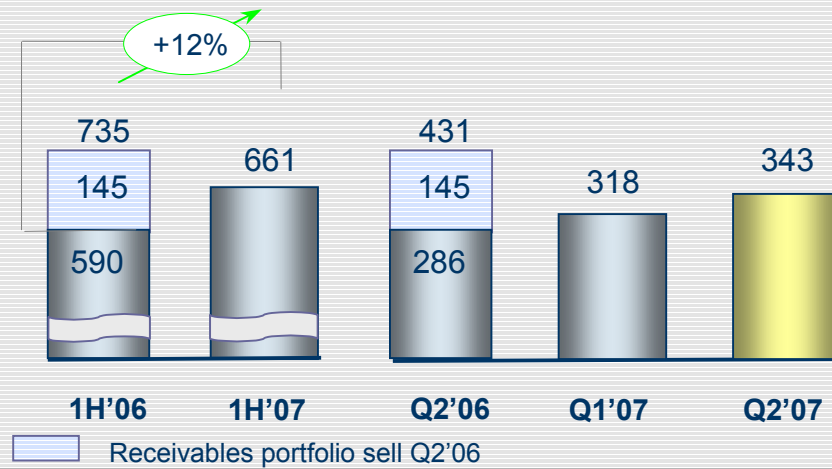


- Fees and commissions on deposit-related transactions with customers
- Fees and commissions due for the servicing of payment cards and ATM's
- Commission on distribution of investment and insurance products
- Fees and commissions on loans
- Other

# COST / INCOME

**Total Income<sup>1</sup>**  
(cumulative PLN mln)

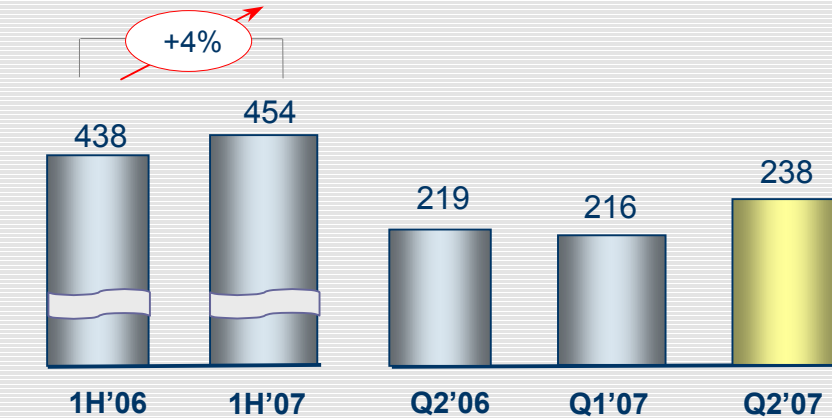
(quarterly PLN mln)



**Operating Cost**

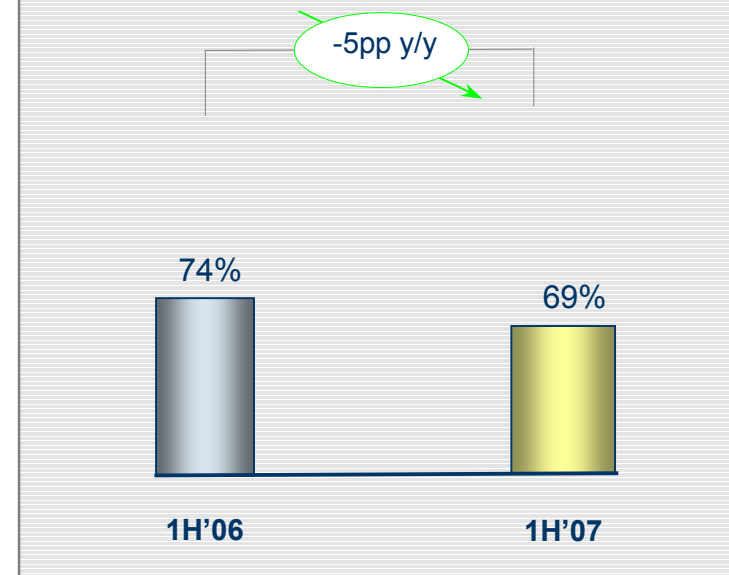
(cumulative PLN mln)

(quarterly PLN mln)



**Cost / Income (cumulative)**

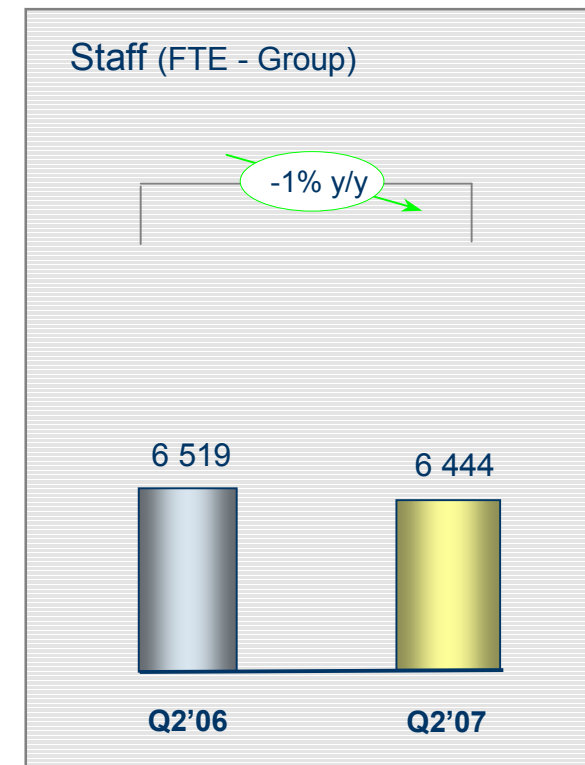
(Receivables sale excluded)



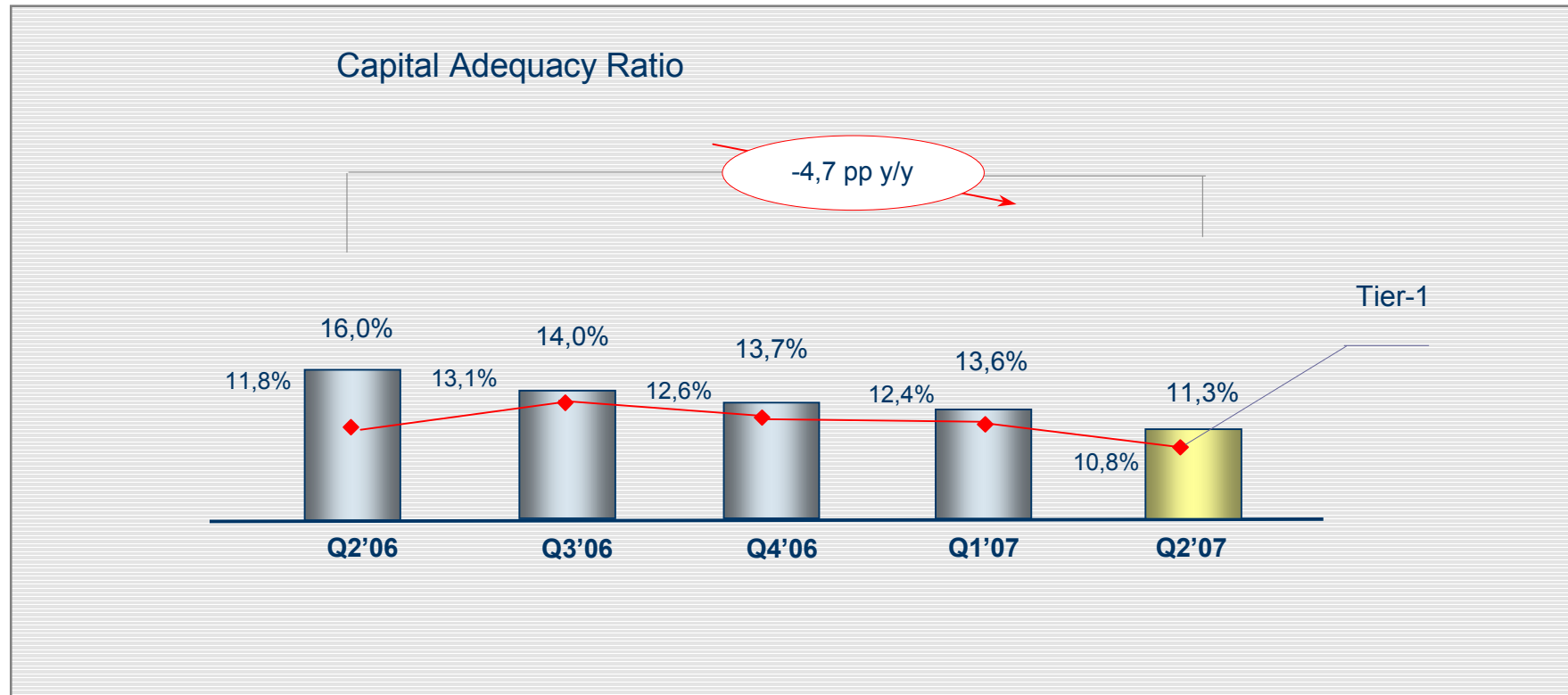
<sup>1</sup> Net interest income+F&C+dividend+net trading income+profit/loss from investment activities+other operating income/expenses

Source: KB Group Q2'07 consolidated financial statement

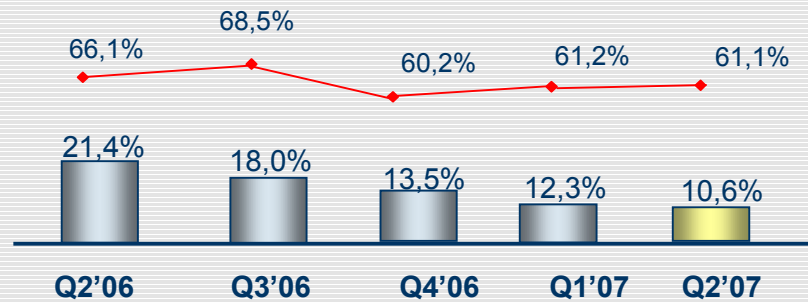
# OPERATING COSTS



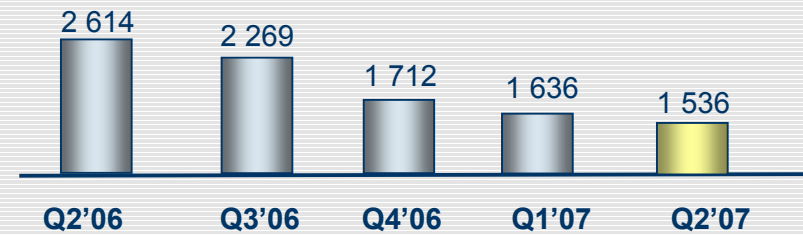
## CAPITAL ADEQUACY RATIO



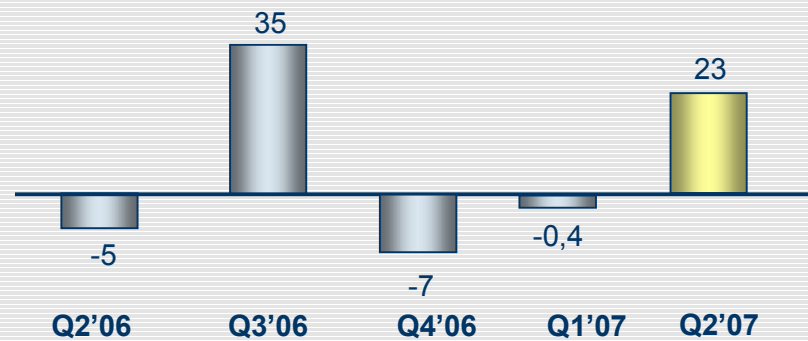
Impaired Loans/ Gross Loans<sup>1</sup>; Coverage ratio



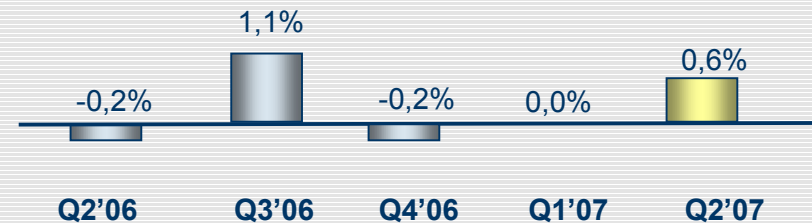
Impaired Loans - eop volume (PLN mln)



Net Impairment (PLN mln)



Cost of Risk <sup>2</sup>



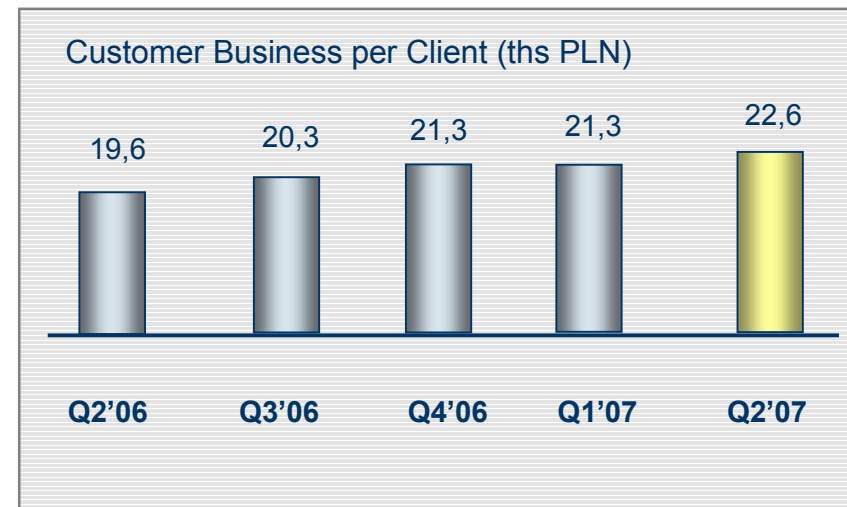
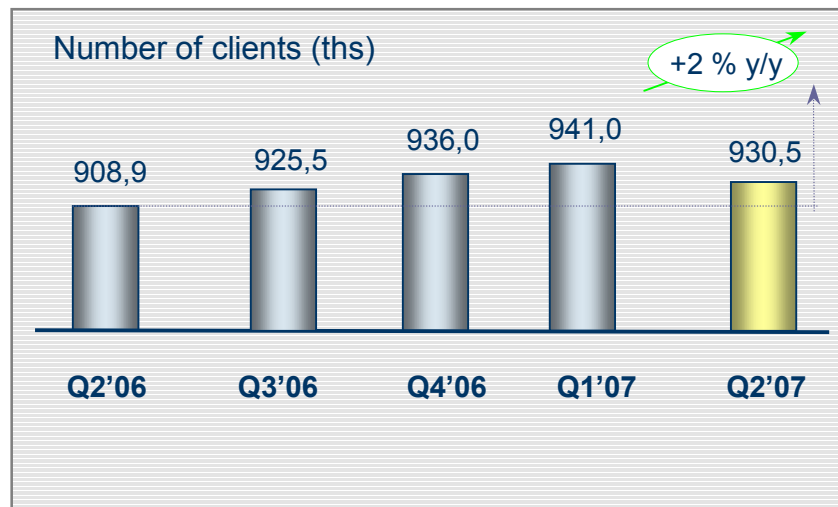
<sup>1</sup> On customer's portfolio basis, w/o banks

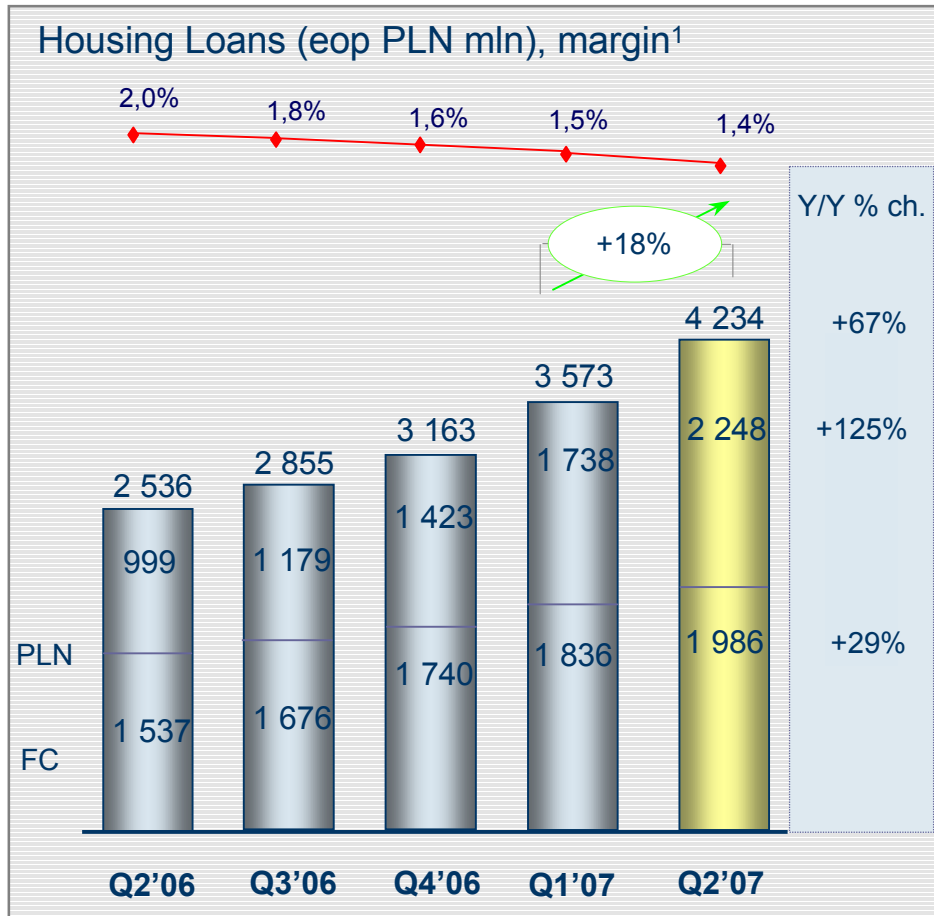
<sup>2</sup> Net Impairment/average outstanding loan amount

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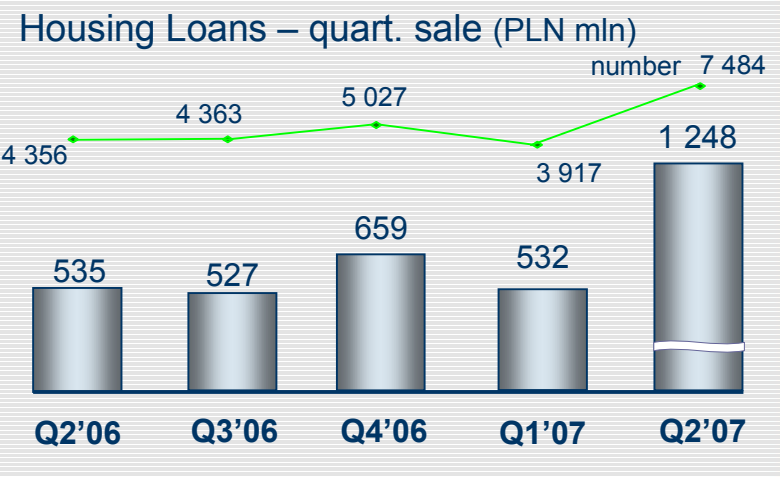






KB market share<sup>2</sup>

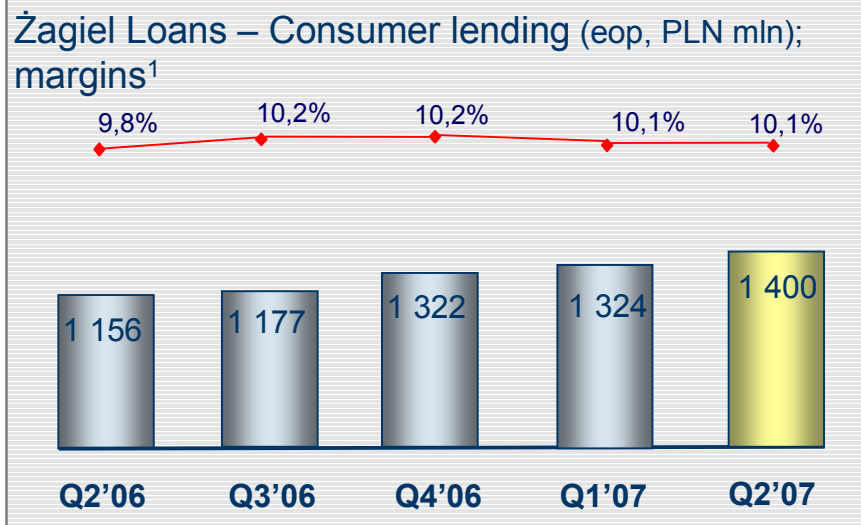
	Q2'06	Q1'07	Q2'07
Total Housing Loans	4,0%	4,2%	4,4%
PLN	4,8%	5,4%	5,7%
FC	3,6%	3,4%	3,5%



<sup>1</sup> Margin calculated on performing portfolio

<sup>2</sup> Comparable data for KB and banking sector – domestic residents only

Source: KB Group Q2'07 consolidated financial statement, KBWebis, NBP



<sup>1</sup> Margins calculated on performing portfolio (KB only)

## RETAIL – LOANS (2)

Instalment Loans Żagiel<sup>1</sup> - volume (PLN mln)



Cash Loans Żagiel<sup>1</sup> - volume (PLN mln)

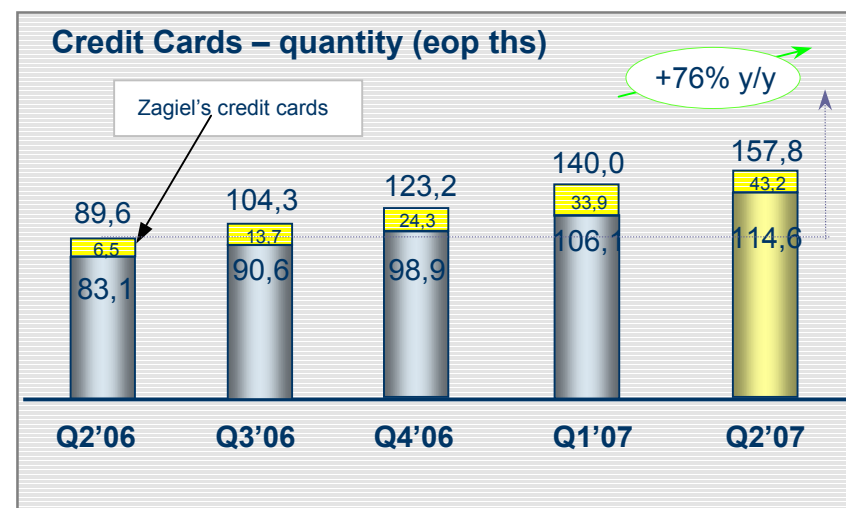
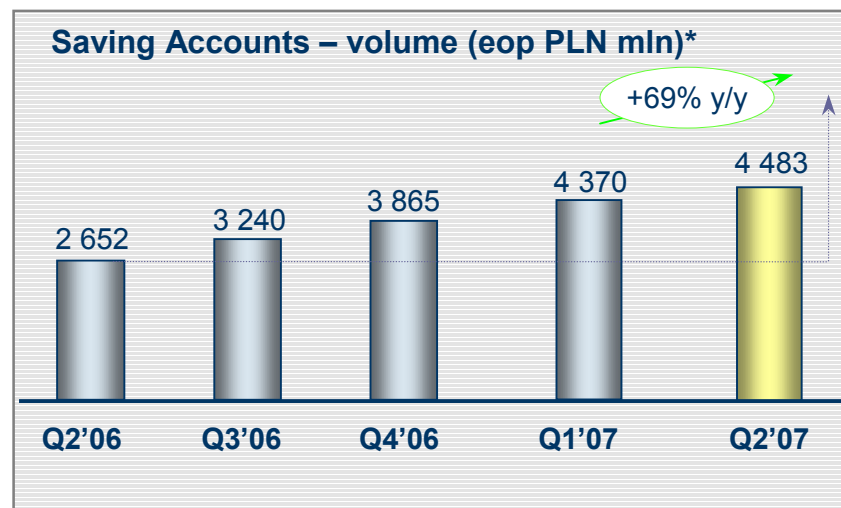
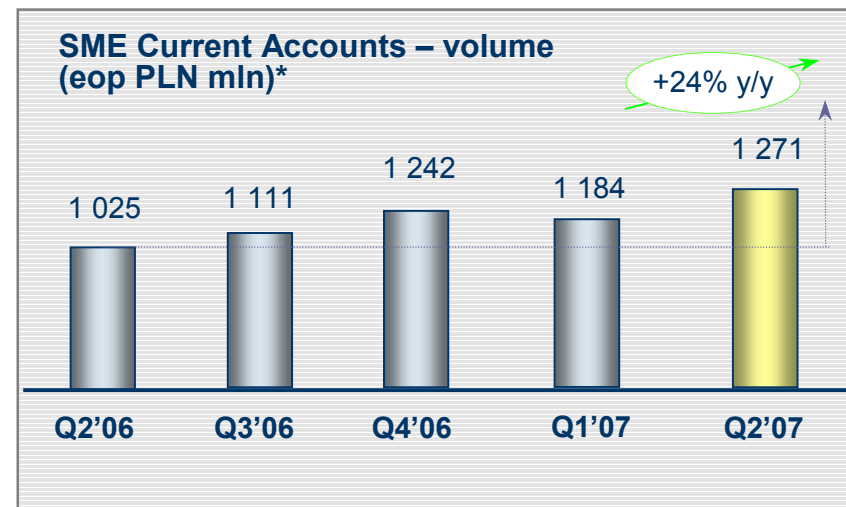
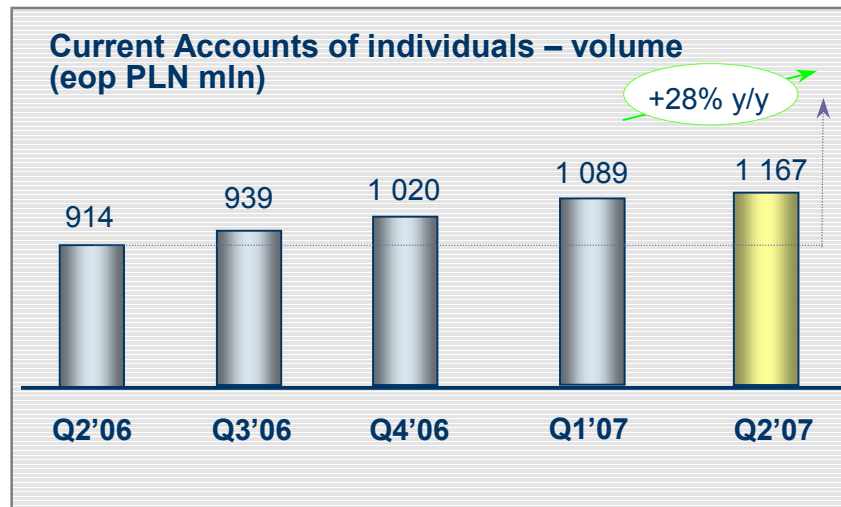


Credit Cards Żagiel<sup>1</sup> - volume (PLN mln)



Cash Loans KB network<sup>1</sup> - volume (PLN mln)



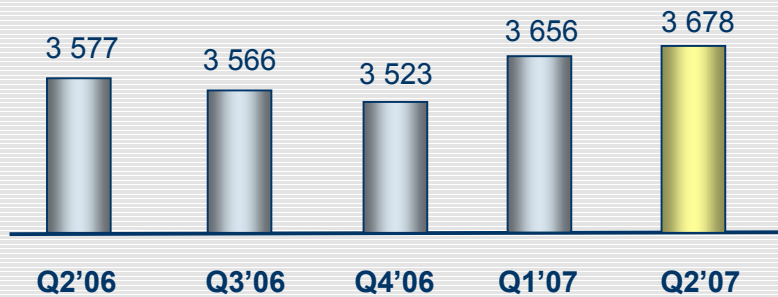


\* PLN and FX

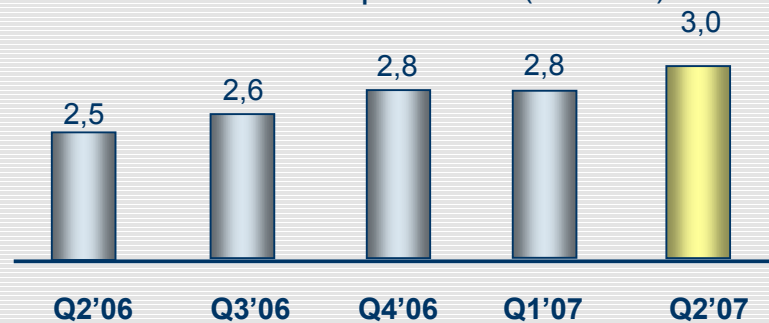
## AGENDA

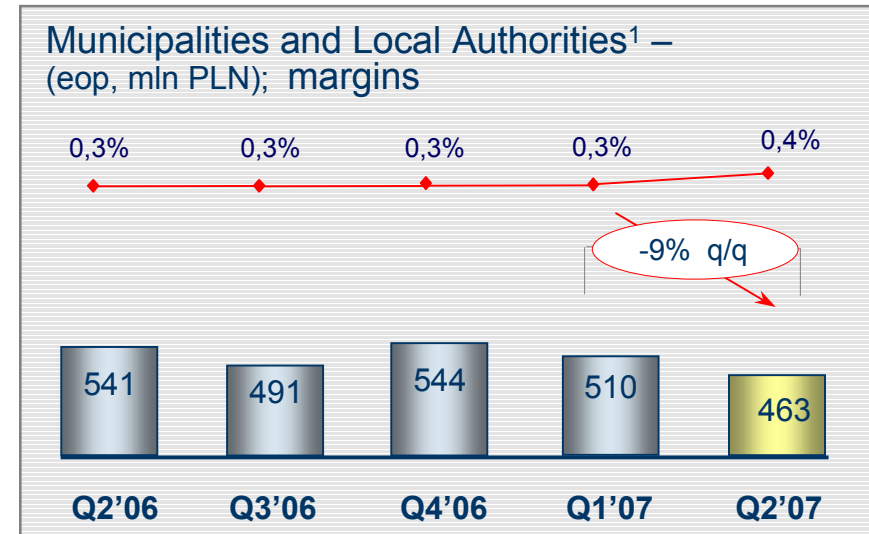
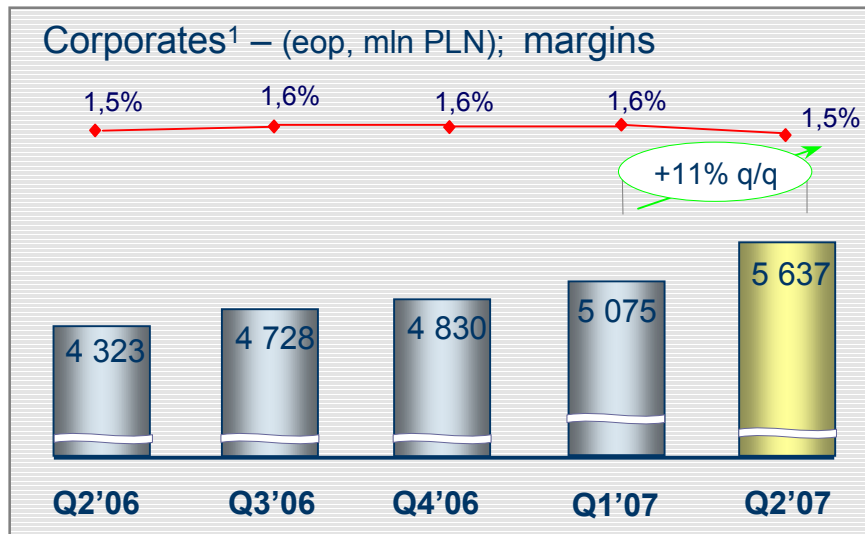
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Number of clients

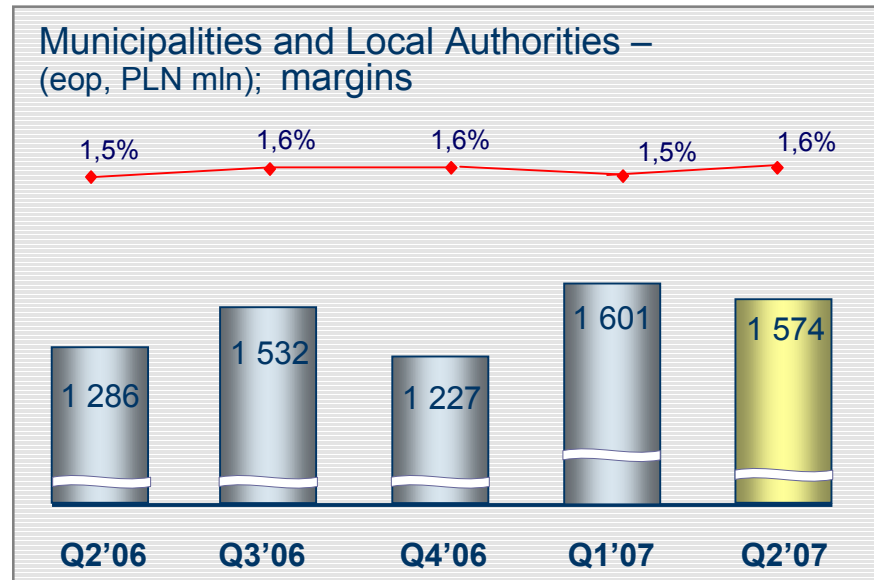
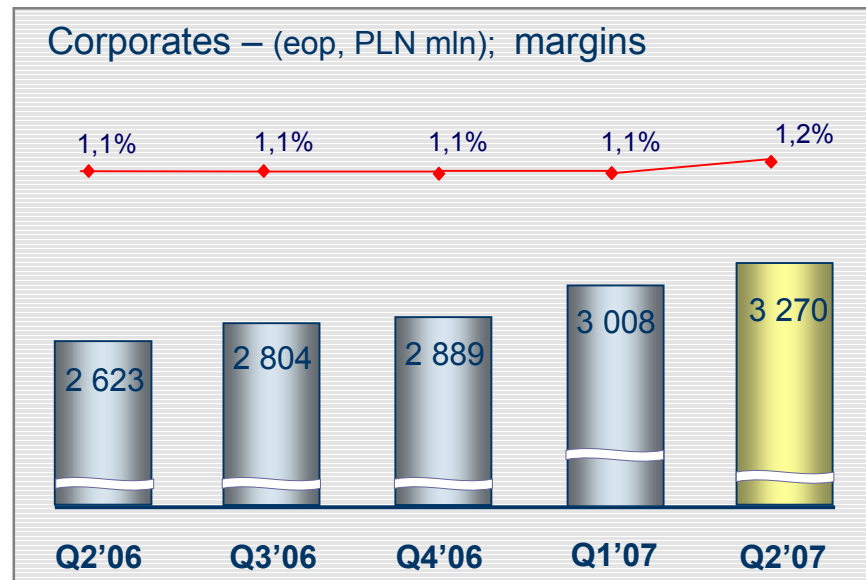


Customer Business per client (mIn PLN)









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## ASSETS

<i>(PLN mln.)</i>	2Q'07	2Q'06	change
Cash and balances with Central Bank	555	1 370	-59%
Amounts due from banks and financial assets at fair value	3 611	2 551	+42%
Loans to customers	13 517	10 427	+30%
Investments in securities	5 496	6 145	-11%
Tangible and intangible fixed assets	682	503	+36%
Other assets	305	268	+14%
<b>Total Assets</b>	<b>24 166</b>	<b>21 264</b>	<b>+14%</b>

## LIABILITIES AND FUNDS

<i>(PLN mln.)</i>	2Q'07	2Q'06	change
Amounts due to banks and held-for-trading financial liabilities	3 464	3 087	+12%
Amounts due to customers	17 148	14 705	+17%
Repo transactions	543	804	-32%
Total equity including current net profit	2 116	1 892	+12%
Subordinated liabilities	414	445	-7%
Other liabilities	480	331	+46%
<b>Total Equity and Liabilities</b>	<b>24 166</b>	<b>21 264</b>	<b>+14%</b>

## INCOME STATEMENT

(PLN mln)	Q2'07	Q2'06	Y/Y ch
Net interest income	208	185	+12%
Net fee and commission income	86	62	+39%
Dividend, net trading income, profit (loss) from investment activities	39	38	+3%
Result on the receivables portfolio sell	3	145	-98%
Other operating income and expenses	7	1	+600%
Total income	343	431	-20%
Total costs	238	219	9%
Operating profit	105	212	-50%
Net impairment charges for financial assets, other assets and provisions	23	-5	-
Share of profit of associates	0	0	-
Profit before tax	128	208	-38%
Income tax	-28	0	-
Net profit	100	208	-52%

Source: KB Group Q2'07 consolidated financial statement