



# ***KREDYT BANK***

***Press conference***

***Summary of Kredyt Bank S.A. Group results  
after 3 quarters of 2004***

***Warsaw - October 29th, 2004***

## Agenda

- **The most important events in Kredyt Bank S.A. Group in 3rd quarter of 2004**
- Financial results of the Group
- Effectiveness ratios
- Costs of functioning
- Selected areas of the Group's activity
- Loan portfolio quality

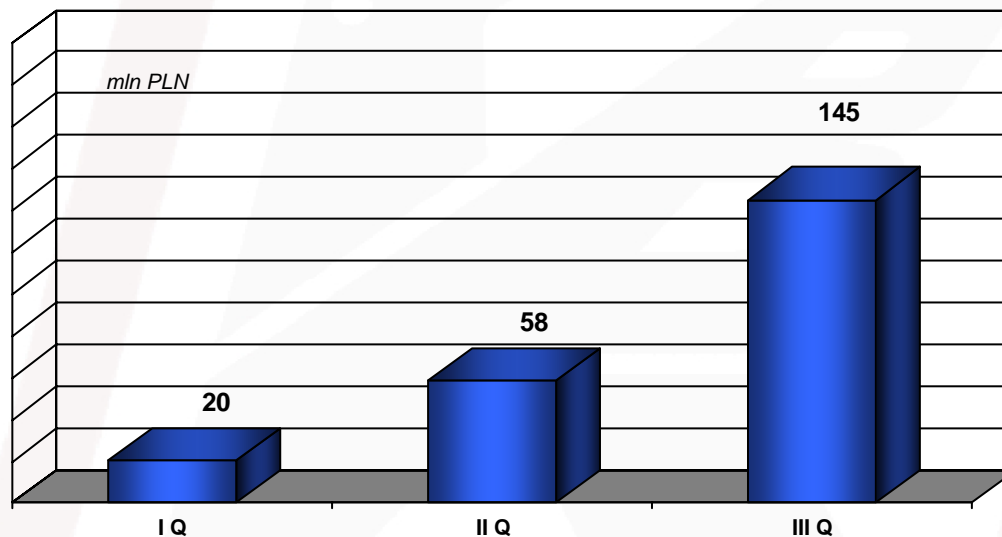
## The most important events in Kredyt Bank S.A. Group in 3rd quarter of 2004

- ✓ PLN 144,8 million net profit generated in 3 quarters of 2004
- ✓ Improvement of ratios:
  - ROE 18,77 %
  - CIR 74,40 %
  - CAD 13,76 %
  - Result on banking activity – increase by 9% (III quarter compared to II quarter 2004)
- ✓ Realisation of one of the most important stage of Group restructuring – activity focus on the domain market and on banking activity (selling of KB Ukraine, Vilnius Branch and OFE )
- ✓ Issue of 2nd tranche of banking securities (PLN 70 million worth) – improvement of CAD-ratio level)
- ✓ Development of clients' funds management (TFI)

## Agenda

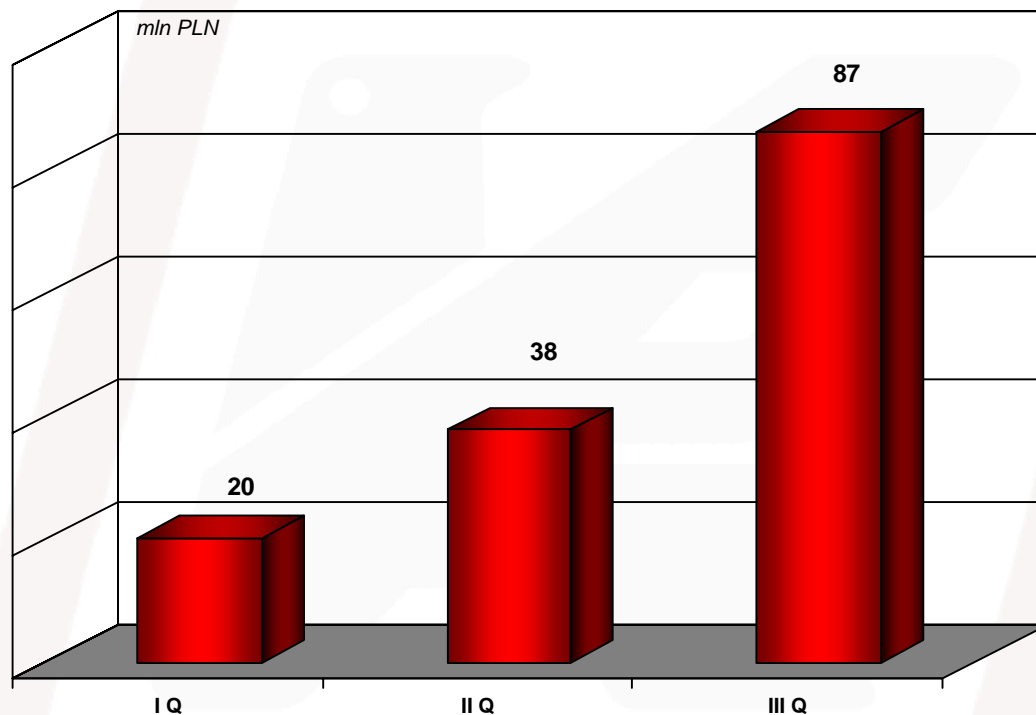
- The most important events in Kredyt Bank S.A. Group in 3rd quarter of 2004
- **Financial results of the Group**
- Effectiveness ratios
- Costs of functioning
- Selected areas of the Group's activity
- Loan portfolio quality

## Net profit in 2004 quarters (accumulated)



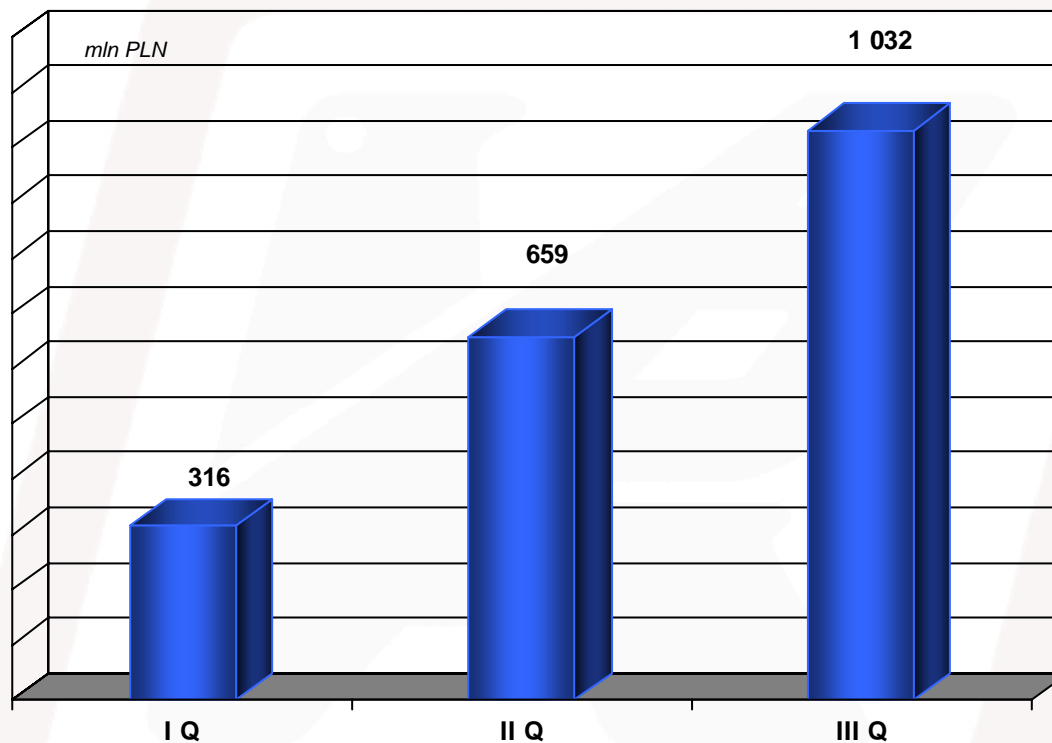
- ✓ Systematic increase of net profit in 2004
- ✓ Stable base for good result generation in forthcoming periods

## Net profit in 2004 quarters



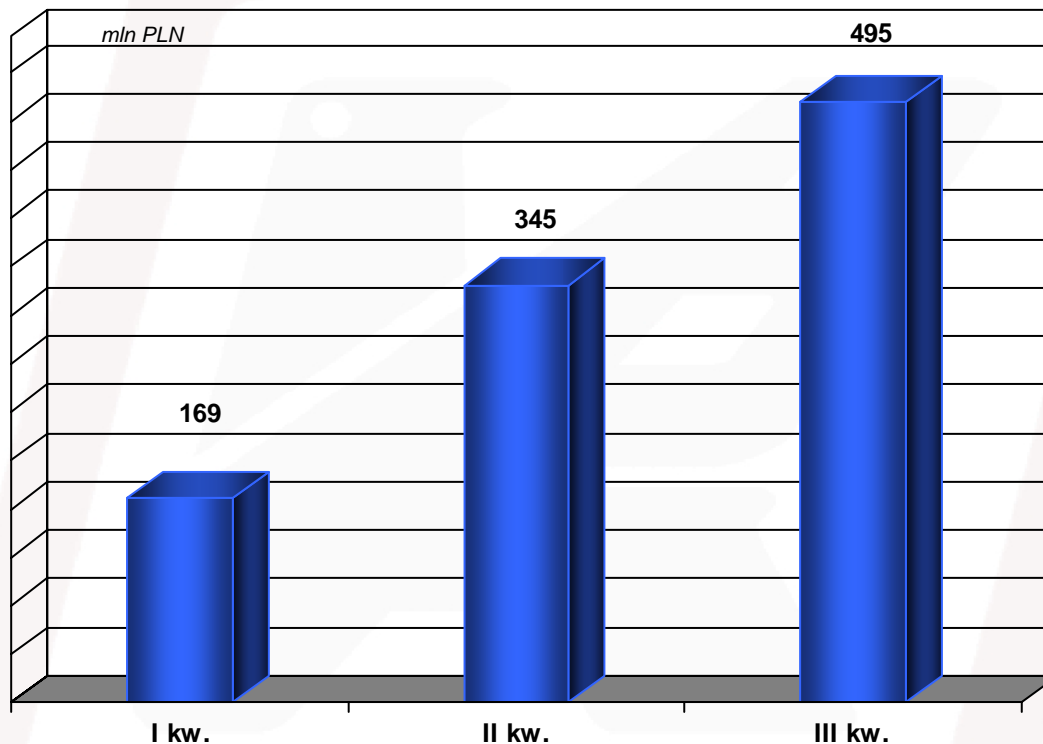
- ✓ Net profit increasing trend in quarters 2004 – 3rd Q net profit increase by 128% compared to 2nd Q net profit

## Result on banking activity in 2004 (accumulated)



- ✓ Stable increase on 9% level among quarters of 2004

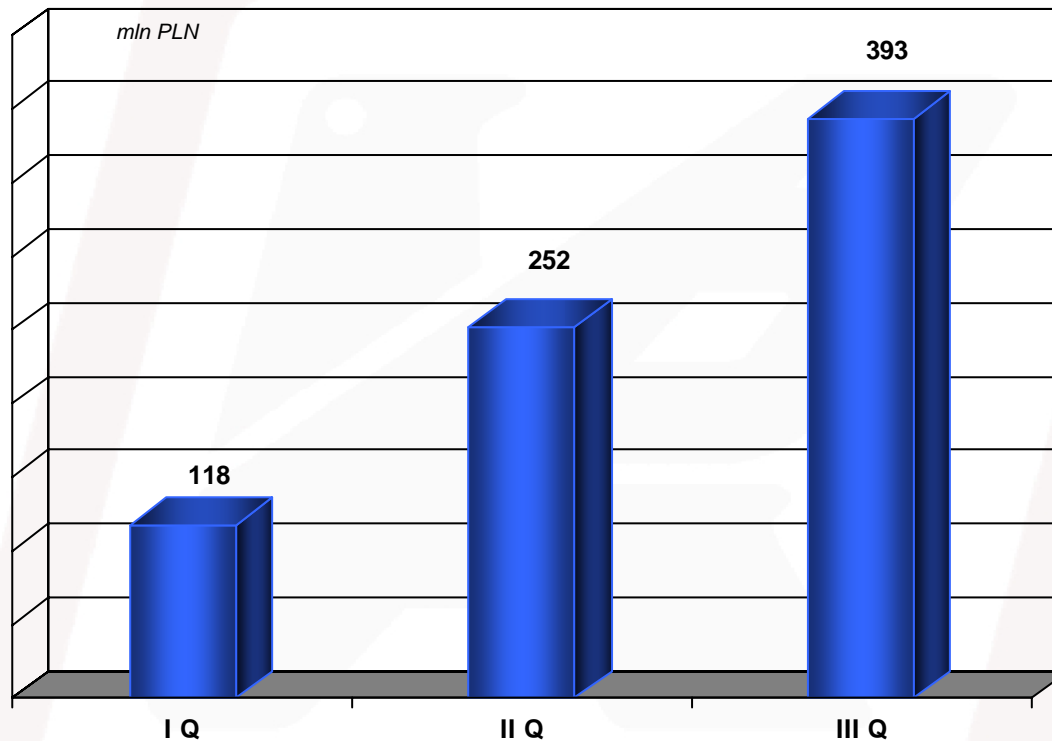
## Net interest income in 2004 (accumulated)



- ✓ Shifting of net interest income part to net commissions (new format of products price)



## Net commissions in 2004 (accumulated)



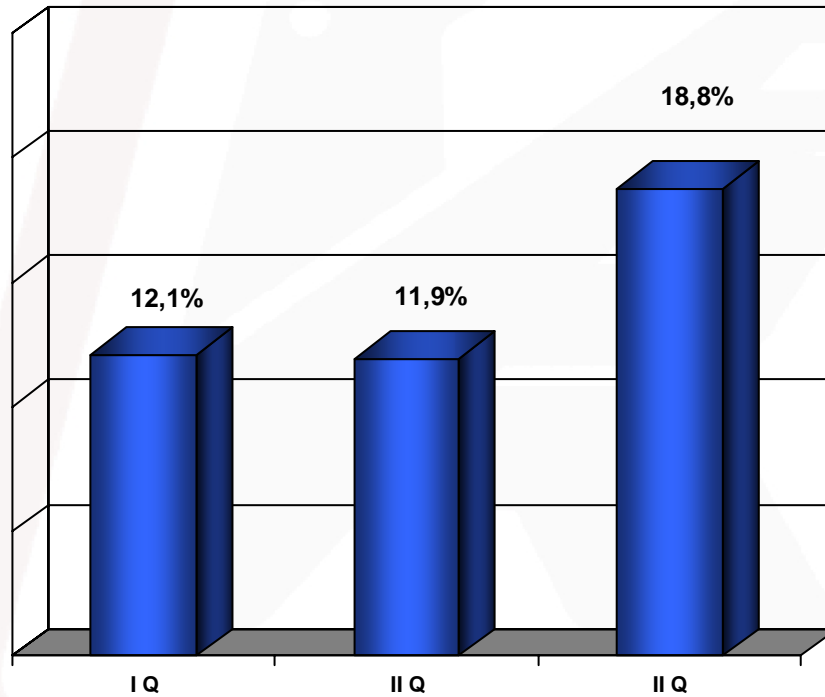
- ✓ Net commissions income stable increase in subsequent quarters of 2004

## Agenda

- The most important events in Kredyt Bank S.A. Group in 3rd quarter of 2004
- Financial results of the Group
- **Effectiveness ratios**
- Costs of functioning
- Selected areas of the Group's activity
- Loan portfolio quality

## Effectiveness ratios

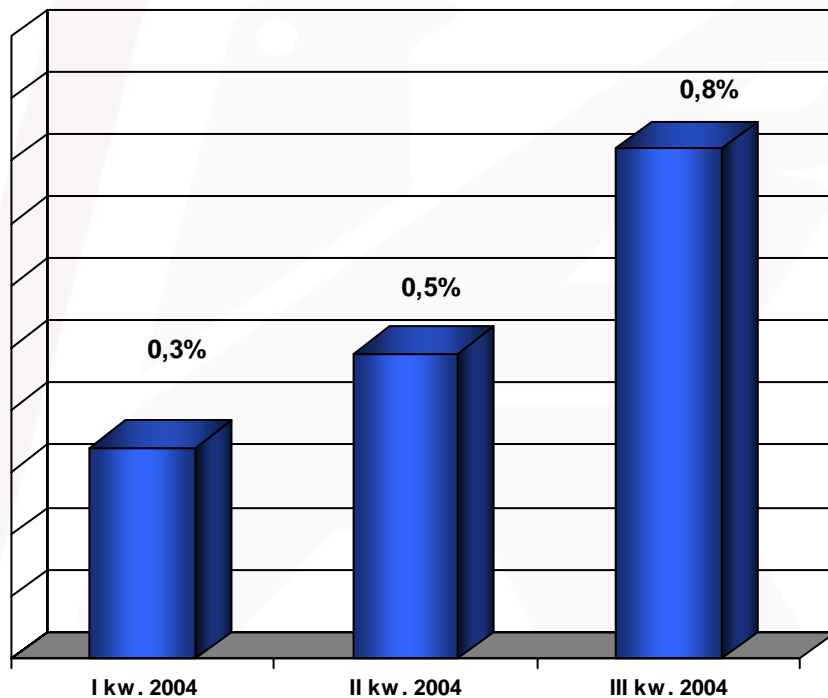
ROE



- ✓ Net profit impact on ROE ratio

## Effectiveness ratios

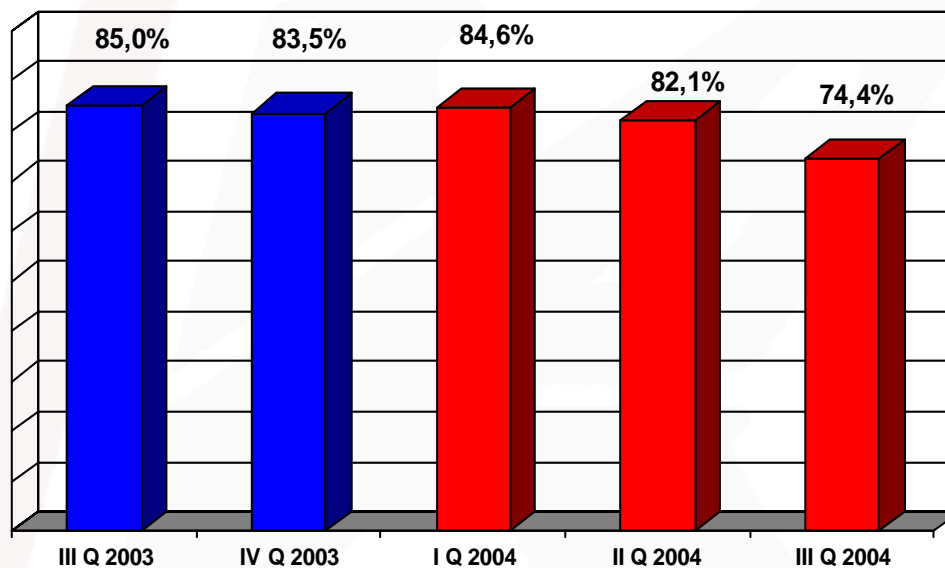
### ROA



- ✓ Net profit influence on ROA ratio improvement

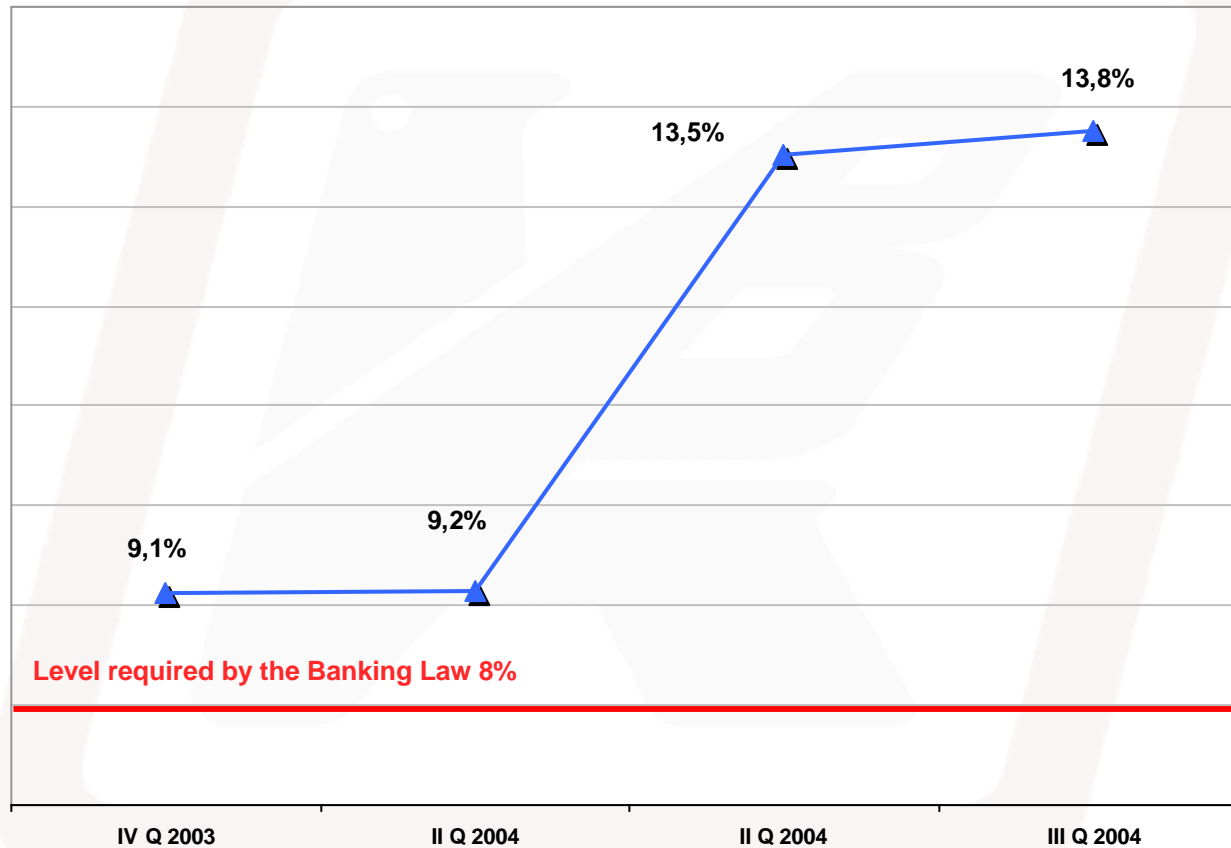
## Effectiveness ratios

### Cost / Income Ratio



- ✓ Stable improvement of CIR ratio (fall down by 10.6 pp in comparison with 3<sup>rd</sup> quarter of 2003)

## CAD – Ratio



- ✓ High CAD Ratio assuring security of the clients deposits and creating base for banking activity expansion

## Agenda

- The most important events in Kredyt Bank S.A. Group in 3rd quarter of 2004
- Financial results of the Group
- Effectiveness ratios
- **Costs of functioning**
- Selected areas of the Group's activity
- Loan portfolio quality

## Costs of functioning in KB Group

1st Q 2004	2nd Q 2004	3rd Q 2004	9M 2004 (accumulated)	Change 9M '04 – 9M '03
------------	------------	------------	--------------------------	---------------------------

PLN million

Costs of activity	223.6	227.6	213.8	664.9	-11.8 %
Depreciation	43.6	44.6	40.4	128.7	2.2 %
<b>TOTAL</b>	<b>267.2</b>	<b>272.2</b>	<b>254.2</b>	<b>793.6</b>	<b>-9.8 %</b>

FTE in KB S.A. <sup>1)</sup>	6339	5963	5603		-18.0 %
FTE in KB S.A. Group	9473	8330	6414		-35.5 %

1) as at balance-sheet day

- ✓ Reduction of employees and personnel costs in the Group due to cost restructuring programme
- ✓ Limitation of employment due to sale of some subsidiaries
- ✓ Limitation of tangible costs owing to high discipline of current costs of functioning
- ✓ Maintaining depreciation costs level



## Agenda

- The most important events in Kredyt Bank S.A. Group in 3rd quarter of 2004
- Financial results of the Group
- Effectiveness ratios
- Costs of functioning
- **Selected areas of the Group's activity**
- Loan portfolio quality

## Selected group of products

- ✓ Increase of number of transactions executed through **KB24**. 5.9 mln transactions worth of over PLN 7.9 mln were executed within the 9 month period; increase of 186% and 150% y/y respectively
- ✓ **EKSTRALOKUM** loan portfolio worth of PLN 1.6 mln as at September 30, 2004
- ✓ Increasing number of **credit cards** issued by the Bank – 23.7 ths as for September 30, 2004. Increase by 28.5% in the 3rd quarter 2004
- ✓ 75% Bank's share in guaranteed investment funds market in Poland (source 'Analysis on line' dated 07.09.2004)

## Number of clients accounts

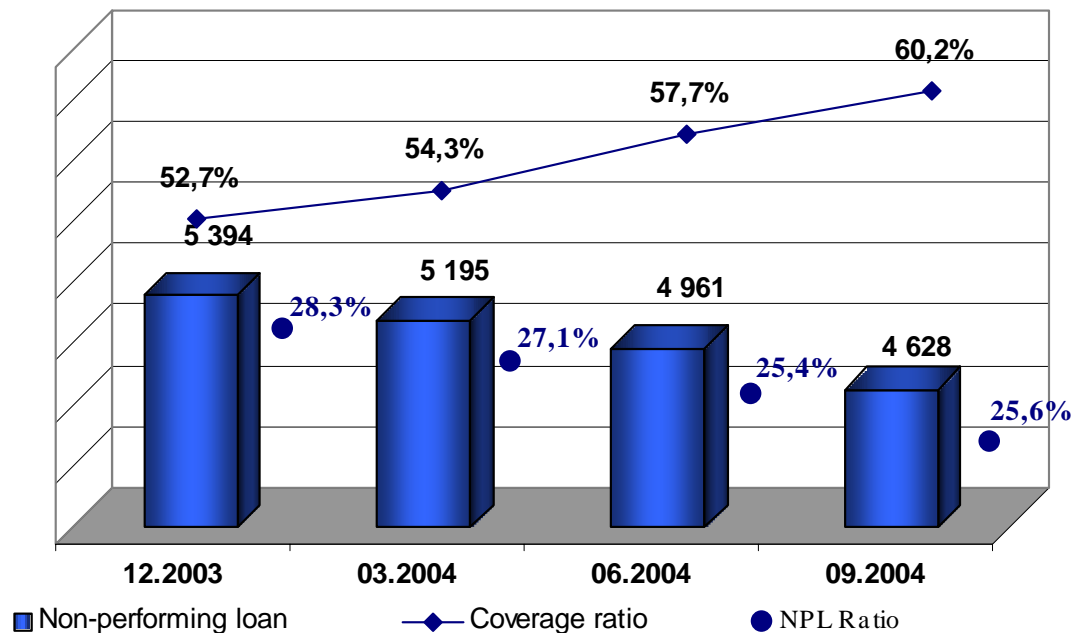
	31.03.2004	30.06.2004	30.09.2004	Change
ROR accounts	450.7	450.2	455.2	↗
Saving accounts	33.7	53.7	71.7	↗
EKSTRABIZNES accounts	62.7	63.9	65.4	↗

- ✓ Within III quarter of 2004 there was increase in accounts number in comparison to II quarter of 2004:
  - Saving Accs. by 18.1 ths
  - EKSTRABIZNES Accs. by 1.6 ths

## Agenda

- The most important events in Kredyt Bank S.A. Group in 3rd quarter of 2004
- Financial results of the Group
- Effectiveness ratios
- Costs of functioning
- Selected areas of the Group's activity
- **Loan portfolio quality**

## Loan portfolio quality



- ✓ Progressive improvement of loan portfolio quality (decrease by 2,7 pp in comparison with Dec 2003)
- ✓ Decrease of non-performing loan by 14% compared to December 2003
- ✓ Improvement of retail loan portfolio quality
- ✓ Increase of non-performing loan receivables coverage by specific provisions by 7,5 pp in comparison with Dec 2003



***KREDYT BANK***

**Thank you for your attention.**

## The main items of Profit and loss account and Balance sheet – KB S.A. Group:

PLN mln

	III Q 2004 accumulated	III Q 2004	II Q 2004	I Q 2004
Net interest income	495,0	150,4	176,1	168,5
Net commissions	393,2	141,2	134,3	117,7
Result on Banking activity	1 032,4	373,8	343,1	315,5
Costs of the Bank's functioning	793,6	254,2	272,2	267,2
Net provisions	-105,3	-63,5	-23,1	-18,8
Result from operating activities	167,7	91,9	46,1	29,6
Gross profit	152,1	87,5	40,4	24,2
<b>Net profit</b>	<b>144,8</b>	<b>86,6</b>	<b>38,0</b>	<b>20,3</b>

PLN mln

	30.09.2004	30.06.2004	31.03.2004
Own funds (supplementary funds incl.)	2 181,0	2 063,6	1 177,0
<b>TOTAL ASSETS</b>	<b>23 193,3</b>	<b>24 064,6</b>	<b>23 624,0</b>