Interim Consolidated Financial Statements of Kredyt Bank S.A. Capital Group for the Third Quarter of 2012 Prepared in Accordance with the International Financial Reporting Standards

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I. Interim Condensed Consolidated Financial Statements of Kredyt Bank S.A. Capital Group

1. Consolidated Income Statement

in PLN '000'	**3rd quarter of 2012** **01.07.2012 - 30.09.2012**	**Three quarters of 2012** **01.01.2012 - 30.09.2012**	**3rd quarter of 2011** **01.07.2011 - 30.09.2011**	**Three quarters of 2011** **01.01.2011 - 30.09.2011**
Interest income	604 528	1 775 231	613 657	1 784 997
Interest expense	-398 667	-1 173 428	-315 214	-902 752
Net interest income	**205 861**	**601 803**	**298 443**	**882 245**
Fee and commission income	101 909	311 480	98 811	305 784
Fee and commission expense	-19 176	-58 445	-19 912	-65 584
Net fee and commission income	**82 733**	**253 035**	**78 899**	**240 200**
Dividend income	37	1 639	67	1 643
Net trading income	91 564	211 768	-6 659	25 131
Net result on derivatives used as hedging instruments and hedged items	-377	390	-739	-1 170
Net gains from investment activities	30 751	47 797	-19	386
Other operating income	23 389	78 384	33 449	101 075
Total operating income	**433 958**	**1 194 816**	**403 441**	**1 249 510**
General and administrative expenses	-227 686	-725 632	-262 056	-745 565
Other operating expenses	-9 364	-27 108	-13 284	-46 414
Total operating expenses	**-237 050**	**-752 740**	**-275 340**	**-791 979**
Net impairment losses on financial assets, other assets and provisions	-54 211	-118 200	-50 108	-84 293
Net operating income	**142 697**	**323 876**	**77 993**	**373 238**
Share in profit (loss) of associates	0	1 019	1 081	2 886
Profit before tax	**142 697**	**324 895**	**79 074**	**376 124**
Income tax expense	-32 433	-95 976	-18 291	-93 424
Net profit	**110 264**	**228 919**	**60 783**	**282 700**
including:				
Attributable to the Shareholders of the Bank	**110 264**	**228 919**	**60 783**	**282 700**
Attributable to non-controlling interests	0	0	0	0
Weighted average number of ordinary shares	271 658 880	271 658 880	271 658 880	271 658 880
Earnings per ordinary share (in PLN)	**0.41**	**0.84**	**0.22**	**1.04**

The Bank does not calculate diluted earnings per share due to the absence of capital categories resulting in dilution.

2. Consolidated Statement of Comprehensive Income

in PLN '000'	3rd quarter of 2012 01.07.2012 - 30.09.2012	Three quarters of 2012 01.01.2012 - 30.09.2012	3rd quarter of 2011 01.07.2011 - 30.09.2011	Three quarters of 2011 01.01.2011 - 30.09.2011
Net profit (loss) for the period	**110 264**	**228 919**	**60 783**	**282 700**
Other comprehensive income				
Valuation of financial assets available-for-sale	21 111	79 495	1 131	11 702
- including deferred tax	-4 952	-18 647	-266	-2 745
Effects of valuation of derivatives designated for cash flow hedge	28 955	31 142	14 982	10 711
- including deferred tax	-6 791	-7 304	-3 514	-2 513
Other comprehensive income (loss) recognized directly in equity	**50 066**	**110 637**	**16 113**	**22 413**
Total comprehensive income (loss)	**160 330**	**339 556**	**76 896**	**305 113**
including:				
Attributable to the Shareholders of the Bank	**160 330**	**339 556**	**76 896**	**305 113**
Attributable to non-controlling interests	0	0	0	0

3. Consolidated Balance Sheet

in PLN '000'	**30.09.2012**	**31.12.2011**	**30.09.2011**
Assets			
Cash and balances with Central Bank	769 819	784 668	2 386 028
Gross loans and advances to banks	1 220 882	1 188 012	1 191 099
Impairment losses on loans and advances to banks	0	0	0
Receivables arising from repurchase transactions	400 403	0	292 903
Financial assets designated upon initial recognition as at fair value through profit or loss	64 294	100 684	99 945
Financial assets held for trading (excluding derivatives)	114 386	60 493	769 474
Derivatives, including:	818 245	1 071 089	1 161 220
- derivatives used as hedging instruments	100 145	95 592	96 613
Gross loans and advances to customers	30 291 316	30 493 915	30 189 459
Impairment losses on loans and advances to customers	-1 348 368	-1 408 161	-1 325 461
Investment securities:	10 695 800	8 678 712	9 327 967
- available-for-sale	7 541 818	5 262 038	5 904 528
- held-to-maturity	3 153 982	3 416 674	3 423 439
Investments in associates valued using the equity method	0	19 152	18 066
Property, plant and equipment	226 615	259 797	249 647
Intangible assets	84 264	59 711	55 649
Deferred tax assets	170 135	263 257	266 175
Current tax receivable	14 760	116 870	79 232
Investment properties	18 286	209 065	210 126
Non-current assets held for sale	5 709	12 128	12 160
Other assets	88 407	93 692	110 688
Total assets	**43 634 953**	**42 003 084**	**45 094 377**

in PLN '000'	**30.09.2012**	**31.12.2011**	**30.09.2011**
Liabilities			
Amounts due to Central Bank	12	32	2
Amounts due to banks	5 839 678	8 486 491	11 739 962
Liabilities arising from repurchase transactions	2 208 434	0	1 775 215
Financial liabilities held for trading (excluding derivatives)	200 289	0	0
Derivatives, including:	923 521	982 916	901 402
- derivatives used as hedging instruments	0	1 669	2 827
Amounts due to customers	29 751 248	28 043 157	26 247 446
Current tax liability	67	182	84
Provisions	64 131	116 402	78 095
Deferred tax liability	571	725	789
Other liabilities	266 660	271 044	286 594
Subordinated liabilities	975 161	1 036 510	1 031 965
Total liabilities	**40 229 772**	**38 937 459**	**42 061 554**

in PLN '000'	**30.09.2012**	**31.12.2011**	**30.09.2011**
Equity			
Share capital	1 358 294	1 358 294	1 358 294
Supplementary capital	1 130 174	900 065	900 065
Revaluation reserve	180 729	70 092	81 834
Other reserves	481 151	400 942	400 942
Retained earnings (losses)	25 914	8 988	8 988
Current net profit (loss) attributable to the Shareholders of the Bank	228 919	327 244	282 700
Equity attributable to the Shareholders of the Bank	**3 405 181**	**3 065 625**	**3 032 823**
Attributable to non-controlling interests	0	0	0
Total equity	**3 405 181**	**3 065 625**	**3 032 823**
Total equity and liabilities	**43 634 953**	**42 003 084**	**45 094 377**

Capital adequacy ratio (%)	13.06	12.51	12.14
Number of shares	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	12.53	11.28	11.16

4. Statement of Changes in Consolidated Equity

Changes in the period 01.01.2012 – 30.09.2012

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings (losses)	Net profit (loss) for the period	Equity attributable to the Shareholders of the Bank	Equity attributable to non-controlling interests	Total equity
Equity at opening balance – as of 01.01.2012	**1 358 294**	**900 065**	**70 092**	**400 942**	**336 232**	**0**	**3 065 625**	**0**	**3 065 625**
Valuation of financial assets available-for-sale			98 142				98 142		98 142
Effects of valuation of derivatives designated for cash flow hedge			38 446				38 446		38 446
Deferred tax on items recognized in other comprehensive income			-25 951				-25 951		-25 951
Other comprehensive income (loss) recognized directly in equity			**110 637**				**110 637**		**110 637**
Net profit (loss) for the period						228 919	228 919		228 919
Total comprehensive income (loss)			**110 637**			**228 919**	**339 556**		**339 556**
Profit distribution		230 109		80 209	-310 318				0
Equity at the end of the period – as of 30.09.2012	**1 358 294**	**1 130 174**	**180 729**	**481 151**	**25 914**	**228 919**	**3 405 181**	**0**	**3 405 181**

Changes in the period 01.01.2011 – 31.12.2011

in PLN '000'	Share capital	Suppleme-ntary capital	Revaluation reserve	Other reserves	Retained earnings (losses)	Net profit (loss) for the period	Equity Attributable to the Shareholders of the Bank	Equity attributable to non-controlling interests	Total equity
Equity at opening balance – as of 01.01.2011	**1 358 294**	**889 340**	**59 421**	**400 942**	**120 227**	**0**	**2 828 224**	**0**	**2 828 224**
Valuation of financial assets available-for-sale			2 576				2 576		2 576
Effects of valuation of derivatives designated for cash flow hedge			10 598				10 598		10 598
Deferred tax on items recognized in other comprehensive income			-2 503				-2 503		-2 503
Other comprehensive income (loss) recognized directly in equity			**10 671**				**10 671**		**10 671**
Net profit (loss) for the period						327 244	327 244		327 244
Total comprehensive income (loss)			**10 671**			**327 244**	**337 915**		**337 915**
Profit distribution		10 725			-10 725		0		0
Dividend payment					-100 514		-100 514		-100 514
Equity at the end of the period – as of 31.12.2011	**1 358 294**	**900 065**	**70 092**	**400 942**	**8 988**	**327 244**	**3 065 625**	**0**	**3 065 625**

Changes in the period 01.01.2011 – 30.09.2011

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings (losses)	Net profit (loss) for the period	Equity Attributable to the Shareholders of the Bank	Equity attributable to non-controlling interests	Total equity
Equity at opening balance – as of 01.01.2011	**1 358 294**	**889 340**	**59 421**	**400 942**	**120 227**	**0**	**2 828 224**	**0**	**2 828 224**
Valuation of financial assets available-for-sale			14 447				14 447		14 447
Effects of valuation of derivatives designated for cash flow hedge			13 224				13 224		13 224
Deferred tax on items recognized in other comprehensive income			-5 258				-5 258		-5 258
Other comprehensive income (loss) recognized directly in equity			**22 413**				**22 413**		**22 413**
Net profit (loss) for the period						282 700	282 700		282 700
Total comprehensive income (loss)			**22 413**			**282 700**	**305 113**		**305 113**
Profit distribution		10 725			-10 725		0		0
Dividend payment					-100 514		-100 514		-100 514
Equity at the end of the period – as of 30.09.2011	**1 358 294**	**900 065**	**81 834**	**400 942**	**8 988**	**282 700**	**3 032 823**	**0**	**3 032 823**

5. Consolidated Cash Flow Statement

in PLN '000'	3rd quarter of 2012 01.07.2012 - 30.09.2012	Three quarters of 2012 01.01.2012 - 30.09.2012	3rd quarter of 2011 01.07.2011 - 30.09.2011	Three quarters of 2011 01.01.2011 - 30.09.2011
Cash flow from operating activities				
Net profit (loss)	**110 264**	**228 919**	**60 783**	**282 700**
Adjustments to net profit (loss) and net cash from operating activities, and net increase/decrease in assets and liabilities	**2 340 979**	**3 892 458**	**562 194**	**-79 784**
Current and deferred tax recognized in financial result	32 433	95 976	18 291	93 424
Non-realized profit (loss) from currency translation differences	-15 852	-25 360	19 772	80 151
Depreciation	16 452	53 838	22 904	70 814
Share in profit (loss) of associates	0	-1 019	-1 081	-2 886
Net increase/decrease in impairment	-63 512	-61 435	51 500	-594 467
Dividends	-37	-1 639	-67	-1 643
Interest	-109 597	-152 616	-90 387	-156 128
Net increase/decrease in provisions	-67 598	-52 271	1 810	-14 716
Profit (loss) on disposal of investments	-30 997	-55 142	-3 061	-2 652
Net increase/decrease in assets (excluding cash)	**1 546 840**	**439 596**	**-1 009 789**	**-1 228 614**
Net increase/decrease in gross loans and advances to banks	493	13 682	-24 263	-32 821
Net increase/decrease in receivables arising from repurchase transactions	811 154	-400 403	-292 903	-205 685
Net increase/decrease in financial assets designated upon initial recognition as at fair value through profit or loss	-1 011	36 390	13 751	18 617
Net increase/decrease in financial assets held for trading (excluding derivatives)	206 390	-67 802	1 607 736	835 568
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	-129 050	257 397	-751 507	-675 788
Net increase/decrease in gross loans and advances to customers	606 247	423 378	-1 537 662	-1 080 939
Net increase/decrease in current tax receivable	1 619	102 110	-30 125	-79 232
Net increase/decrease in other assets	50 998	74 844	5 184	-8 334
Net increase/decrease in liabilities	**1 032 847**	**3 652 530**	**1 552 302**	**1 676 933**
Net increase/decrease in amounts due to Central Bank	-3	-20	0	-4
Net increase/decrease in amounts due to banks	1 177 601	25 732	889 378	556 179
Net increase/decrease in liabilities arising from repurchase transactions	-94 242	2 208 434	368 622	1 546 522
Net increase/decrease in financial liabilities held for trading (excluding derivatives)	106 631	200 289	0	0
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	165 564	-57 726	246 167	-231 229
Net increase/decrease in amounts due to customers	-286 635	1 335 914	38 420	-98 135
Net increase/decrease in other liabilities	-29 738	-131 687	10 430	73 439
Paid/received income tax	-6 331	71 594	-715	-169 839
Net cash flow from operating activities	**2 451 243**	**4 121 377**	**622 977**	**202 916**

in PLN '000'	3rd quarter of 2012 01.07.2012 - 30.09.2012	Three quarters of 2012 01.01.2012 - 30.09.2012	3rd quarter of 2011 01.07.2011 - 30.09.2011	Three quarters of 2011 01.01.2011 - 30.09.2011
Cash flow from investing activities				
Inflows	**21 255 347**	**57 370 769**	**18 791 687**	**70 294 945**
Disposal of property, plant and equipment, intangible assets and investment properties	677	2 362	-917	1 347
Disposal of interests in equity investments	0	37 536	0	0
Disposal of investment securities	21 216 070	57 236 000	18 784 173	70 215 227
Dividends	37	1 639	67	1 643
Interest received	38 563	93 232	8 364	76 728
Outflows	**-23 072 208**	**-59 030 225**	**-17 241 135**	**-69 874 897**
Acquisition of property, plant and equipment, intangible assets and investment properties	-18 554	-67 308	-9 054	-35 802
Acquisition of investment securities	-23 053 654	-58 962 917	-17 232 081	-69 839 095
Net cash flow from investing activities	**-1 816 861**	**-1 659 456**	**1 550 552**	**420 048**
Cash flow from financing activities				
Inflows	**428 280**	**489 876**	**51 433**	**713 345**
Proceeds from loans and advances	428 280	489 876	51 433	713 345
Outflows	**-1 440 780**	**-2 920 094**	**-1 055 422**	**-1 201 888**
Dividend payment	0	0	0	-100 514
Repayment of loans and advances	-1 420 510	-2 852 308	-1 026 686	-1 026 821
Other financial outflows	-20 270	-67 786	-28 736	-74 553
Net cash flow from financing activities	**-1 012 500**	**-2 430 218**	**-1 003 989**	**-488 543**
Net increase/decrease in cash	**-378 118**	**31 703**	**1 169 540**	**134 421**
Cash at the beginning of the period	**1 351 328**	**941 507**	**1 366 324**	**2 401 443**
Cash at the end of the period, including:	**973 210**	**973 210**	**2 535 864**	**2 535 864**
Restricted cash*	1 121 667	1 121 667	1 062 751	1 062 751

** an amount from the declaration on the amount of the Bank's statutory provision, i.e. the minimum average balance of cash in the current account in the National Bank of Poland.*

6. Basis of preparation of the financial statements

Pursuant to Article 55 clause 5 of the Accounting Act of 29.09.1994 (consolidated text: Journal of Laws of 2009, No. 152, item 1223, as amended) ('the Act'), starting from 01.01.2005, the consolidated financial statements of Kredyt Bank S.A. Capital Group ('the Group') have been prepared in compliance with the International Accounting Standards ('IAS') and the International Financial Reporting Standards ('IFRS') that were approved by the European Union.

Pursuant to Article 45 clause 1c of the Act and under the decision of the General Meeting of Shareholders of Kredyt Bank S.A. of 25.04.2005, from 01.01.2005, also the standalone financial statements of Kredyt Bank S.A. ('the Bank') have been prepared in accordance with the IAS/IFRS.

The interim consolidated financial statements for the third quarter of 2012 have been prepared pursuant to the IAS/IFRS in the versions effective as at the date of these financial statements. Specifically, this report has been prepared in accordance with IAS 34 Interim Financial Reporting, and matters not governed by the IAS/IFRS must comply with the Act and with the Ordinance of the Minister of Finance of 19.02.2009 on current and interim information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2009, No. 33, item 259, as amended).

Interim condensed consolidated financial statements were prepared based on the assumption that the Group would remain going concern in the foreseeable future of at least 12 months from the balance sheet date. As at the approval date of these financial statements, the existence of circumstances which could threaten the continuation of the business of the Group is not confirmed.

The liquidation procedure concerning a subsidiary Kredyt Trade Sp. z o.o. does not have any significant impact upon the continuation of the Group's business within the present scope.

Furthermore, the declaration of the bankruptcy of Reliz Sp. z o.o. by liquidation of its assets and the associated deconsolidation of the company do not have any significant impact upon the continuation of the Group's business within the present scope.

Furthermore, the Bank is in the process of the merger with Bank Zachodni WBK S.A. Further information concerning this issue is presented in Note I.20.

7. The Group's financial standing at the end of the third quarter of 2012

7.1 Income statement

The Group's net result

In three quarters of 2012, the Group generated net profit amounting to PLN 228,919 thousand, as compared to net profit in three quarters of 2011 amounting to PLN 282,700 thousand. The significant difference between the net profit generated in three quarters of 2012 as compared to the corresponding period in 2011 results mainly from:

- a decrease in net interest income by PLN 280,442 thousand,
- an increase in net impairment losses on financial assets, other assets and provisions by PLN 33,907 thousand,

partially set off with:

- an increase in net gains from trading and investment activities, net result on derivatives used as hedging instruments and hedged items and dividend income by PLN 235,604 thousand,
- an increase in net fee and commission income by PLN 12,835 thousand,
- a decrease in general and administrative expenses by PLN 19,933 thousand.

The following factors and events had a significant impact upon the net profit in three quarters of 2012:

- a change in the method of estimating the impairment of loans and advances described in the Group's interim consolidated financial statements as at 30.06.2012; its estimated (as at the date of the change) positive net impact upon the result amounted to PLN 52,448 thousand (PLN 64,355 thousand in gross terms),
- shortening the average duration of assets in the benchmark portfolio of savings accounts, through, among other things, the sales of Treasury bonds from the available-for-sale portfolio with the maturity from 2 to 5 years; its positive net impact upon the result amounted to PLN 24,868 thousand (PLN 30,701 thousand in gross terms). The change aimed at the adaptation of the model interest rate risk profile to the product features due to greater correlation between the interest rate on the savings account and the interest rate on short-term term deposits,
- a change in the estimates related to estimated future cash flows associated with the financing granted to one borrower introduced due to the revision of the recoverable amount of the collateral.
- the sales of the shares of KBC TFI S.A.; its net impact upon the result amounted to PLN 11,535 thousand (PLN 17,138 thousand in gross terms),
- the sales of receivables; its net impact upon the result amounted to PLN 6,204 thousand (PLN 10,542 thousand in gross terms),
- derecognition of the asset related to the tax loss amounting to PLN 15,609 thousand,

In three quarters of 2011, the Group recognized the result related to the sale of retail loans. The associated impact upon the net result amounted to PLN 63,483 thousand.

The main categories of the Group's income statement are presented below.

in PLN '000'	**3rd quarter of 2012**	**3rd quarter of 2011**	**Change (%)**	**Three quarters of 2012**	**Three quarters of 2011**	**Change (%)**
Net interest income	205 861	298 443	-31.0%	601 803	882 245	-31.8%
Net fee and commission income	82 733	78 899	4.9%	253 035	240 200	5.3%
Net gains from trading and investment activities*	121 975	-7 350	-	261 594	25 990	906.5%
Net gains from other operating income/expenses	14 025	20 165	-30.4%	51 276	54 661	-6.2%
Total	**424 594**	**390 157**	**8.8%**	**1 167 708**	**1 203 096**	**-2.9%**
General and administrative expenses	-227 686	-262 056	-13.1%	-725 632	-745 565	-2.7%
Net impairment losses on financial assets, other assets and provisions	-54 211	-50 108	8.2%	-118 200	-84 293	40.2%
Total	**-281 897**	**-312 164**	**-9.7%**	**-843 832**	**-829 858**	**1.7%**
Share in profit (loss) of associates	0	1 081	-	1 019	2 886	-64.7%
Gross profit (loss)	**142 697**	**79 074**	**80.5%**	**324 895**	**376 124**	**-13.6%**
Income tax expense	-32 433	-18 291	77.3%	-95 976	-93 424	2.7%
Net profit (loss)	**110 264**	**60 783**	**81.4%**	**228 919**	**282 700**	**-19.0%**

** including net result on derivatives used as hedging instruments and hedged items and dividend income*

In the third quarter of 2012, the Group generated net profit amounting to PLN 110,264 thousand, as compared to net profit in the third quarter of 2011 amounting to PLN 60,783 thousand. The significant difference between the net profit generated in the third quarter of 2012 as compared to the third quarter of 2011 results mainly from:

- an increase in net gains from trading and investment activities, net result on derivatives used as hedging instruments and hedged items and dividend income by PLN 129,325 thousand,
- a decrease in general and administrative expenses by PLN 34,370 thousand,

partially set off with:

- a decrease in net interest income by PLN 92,582 thousand,
- an increase in income tax expense by PLN 14,142 thousand.

The following factors and events had a significant impact upon the net profit in the third quarter of 2012:

- shortening the average duration of assets in the benchmark portfolio of savings accounts, through, among other things, the sales of Treasury bonds from the available-for-sale portfolio with the maturity from 2 to 5 years; its positive net impact upon the result amounted to PLN 24,868 thousand (PLN 30,701 thousand in gross terms). The change aimed at the adaptation of the model interest rate risk profile to the product features due to greater correlation between the interest rate on the savings account and the interest rate on short-term term deposits,
- a change in the estimates related to estimated future cash flows associated with the financing granted to one borrower introduced due to the revision of the recoverable amount of the collateral,
- the sales of receivables; its net impact upon the result amounted to PLN 6,204 thousand (PLN 10,542 thousand in gross terms).

Net interest income and net fee and commission income

Net interest income generated by the Group in three quarters of 2012 amounted to PLN 601,803 thousand and was lower by PLN 280,442 thousand (31.8%) than the net interest income generated in three quarters of 2011 mainly due to the increase in interest expense on amounts due to customers by PLN 208,499 thousand and the decrease in net interest income from securities by PLN 80,097 thousand, partially set off with the increase in interest income on loans and advances to customers by PLN 28,418 thousand.

Net interest income generated by the Group in the third quarter of 2012 amounted to PLN 205,861 thousand and was lower by PLN 92,582 thousand (31.0%) than the net interest income generated in the third quarter of 2011 mainly due to the increase in interest expense on amounts due to customers by PLN 69,555 thousand and the decrease in net interest income from securities by PLN 24,230 thousand.

The said changes result primarily from the change in the Bank’s financing structure, greater competitiveness of the Bank's deposit offer in three quarters of 2012 as compared to three quarters of 2011, and also from the greater financing of currency assets through FX swaps — their valuation is presented in net trading income.

Net fee and commission income generated by the Group in three quarters of 2012 amounted to PLN 253,035 thousand and was higher by PLN 12,835 thousand (5.3%) than in three quarters of 2011, mainly due to the increase in income from the distribution and management of combined investment and insurance products by PLN 7,200 thousand and the decrease in the costs of the fees related to insurance for granted loans by PLN 5,263 thousand.

Net fee and commission income generated by the Group in the third quarter of 2012 amounted to PLN 82,733 thousand and was higher by PLN 3,834 thousand (4.9%) than in the third quarter of 2011, mainly due to the increase in income from lending activities by PLN 2,653 thousand and the decrease in the costs of the fees related to insurance for granted loans by PLN 2,170 thousand.

Net gains from trading and investment activities

Net gains from trading and investment activities, including the net result on derivatives used as hedging instruments and hedged items and dividend income, in three quarters of 2012 amounted to PLN 261,594 thousand and were higher by PLN 235,604 thousand (906.5%) than the result generated in three quarters of 2011, what resulted mainly from the increase in the result on foreign exchange by PLN 141,119 thousand (including the result on the valuation of FX Swap), the recognition of the result on the sales of the bonds from the available-for-sale portfolio amounting to PLN 30,701 thousand, higher result on commercial debt securities and equity instruments from the portfolio of financial assets measured upon initial recognition at fair value through profit or loss by PLN 28,321 thousand, and the recognition of the result on the sales of the shares of KBC TFI S.A. amounting in gross terms to PLN 17,138 thousand.

Net gains from trading and investment activities, including the net result on derivatives used as hedging instruments and hedged items and dividend income, in the third quarter of 2012 amounted to PLN 121,975 thousand and were higher by PLN 129,325 thousand than the result generated in the third quarter of 2011, what resulted mainly from the increase in the result on foreign exchange by PLN 55,843 thousand (including the result on the valuation of FX Swap), the recognition of the result on the sales of the bonds from the available-for-sale portfolio amounting to PLN 30,701 thousand, and the higher result on commercial debt securities and equity instruments from the portfolio of financial assets measured upon initial recognition at fair value through profit or loss by PLN 23,238 thousand.

Net gains from other operating income/expenses

Net gains from other operating activities for three quarters of 2012 amounted to PLN 51,276 thousand and were lower by PLN 3,385 thousand (6.2%) than the net gains for three quarters of 2011, what was mainly an effect of the decrease in the income from the reversal of provisions related to incentive programmes from previous years by PLN 13,098 thousand, and the decrease in the income from VAT refund by PLN 3,861 thousand set off with lower costs of debt recovery by PLN 13,544 thousand.

Net gains from other operating activities for the third quarter of 2012 amounted to PLN 14,025 thousand and were lower by PLN 6,140 thousand (30.4%) than the net gains in the corresponding period in 2011, what was mainly an effect of the decrease in the income from the sale or liquidation of property, plant and equipment, non-current assets held for sale and assets to be disposed by PLN 4,798 thousand.

General and administrative expenses

Due to the change in the presentation of expenses incurred by the Group within particular expense categories from net terms to gross terms (including VAT), the figures for three quarters of 2011 and for the third quarter of 2011 have been restated for comparison purposes. The details are presented in Note I.10.

In three quarters of 2012, staff costs amounted to PLN 344,505 thousand, which means an increase as compared to three quarters of 2011 by PLN 7,834 thousand (2.3%), mainly due to an increase in basic remunerations. In the third quarter of 2012, staff costs amounted to PLN 109,641 thousand, which means a decrease as compared to the third quarter of 2011 by PLN 13,858 thousand (11.2%); it is related to the establishment, in the third quarter of 2011, of an additional provision for bonuses associated with the projects being implemented in the Bank.

in PLN '000'	3rd quarter of 2012	3rd quarter of 2011	Change (%)	Three quarters of 2012	Three quarters of 2011	Change (%)
Staff costs	**109 641**	**123 499**	**-11.2%**	**344 505**	**336 671**	**2.3%**
General expenses	**101 593**	**115 653**	**-12.2%**	**327 289**	**338 080**	**-3.2%**
- costs of buildings lease	27 589	25 948	6.3%	82 900	76 929	7.8%
- IT and telecommunications fees	18 756	24 504	-23.5%	61 706	73 422	-16.0%
- costs of buildings maintenance and renovations	6 201	6 351	-2.4%	17 758	18 449	-3.7%
- energy costs	5 088	5 215	-2.4%	17 456	17 182	1.6%
- advisory and specialist services costs	8 040	8 365	-3.9%	25 142	21 980	14.4%
- postal fees	4 908	6 629	-26.0%	16 649	19 661	-15.3%
- transportation services	4 788	4 970	-3.7%	15 055	13 938	8.0%
- property protection expenses	2 460	2 562	-4.0%	7 255	7 660	-5.3%
- taxes and fees	10 879	9 900	9.9%	33 057	31 763	4.1%
- promotion and advertising services	3 784	10 941	-65.4%	22 125	32 025	-30.9%
- purchase of other materials	1 242	876	41.8%	4 162	2 775	50.0%
- training expenses	1 095	999	9.6%	4 652	3 686	26.2%
- business trips	544	671	-18.9%	1 479	2 073	-28.7%
- other	6 219	7 722	-19.5%	17 893	16 537	8.2%
Depreciation	**16 452**	**22 904**	**-28.2%**	**53 838**	**70 814**	**-24.0%**
Total	**227 686**	**262 056**	**-13.1%**	**725 632**	**745 565**	**-2.7%**

Employment*	30.09.2012	30.09.2011	Change	Change (%)
KB	4 625	4 818	-193	-4%
Other companies	83	84	-1	-1%
	4 708	**4 902**	**-194**	**-4%**

** figures in FTEs.*

The Group's general expenses, excluding staff costs, in three quarters of 2012 amounted to PLN 327,289 thousand and, as compared to three quarters of 2011, they were lower by PLN 10,791 thousand (3.2%).

It was related mainly to the decrease in:

- IT and telecommunications fees (by PLN 11,716 thousand) mainly due to the optimization of agreements with providers,
- costs of promotion and advertising services (by PLN 9,900 thousand),

set off with an increase in:

- costs of buildings lease (by PLN 5,971 thousand), mainly due to the revision of rents having regard for the inflation rate and exchange rates,
- advisory and specialist services costs (by PLN 3,162 thousand).

The Group's general expenses, excluding staff costs, in the third quarter of 2012 amounted to PLN 101,593 thousand and, as compared to the third quarter of 2011, they were lower by PLN 14,060 thousand (12.2%).

It was related mainly to the decrease in:

- costs of promotion and advertising services (by PLN 7,157 thousand);
- IT and telecommunications fees (by PLN 5,748 thousand) mainly due to the optimization of agreements with providers.

Cost/income ratio (CIR)

The cost/income ratio (CIR) in three quarters of 2012 was equal to 62.1% as compared to 62.0% recorded in the corresponding period of the previous year. The cost/income ratio (CIR) in the third quarter of 2012 was equal to 53.6% and decreased from 67.2% recorded in the corresponding period of the previous year. The decrease results from the increase in income by 8.8% with the simultaneous decrease in costs by 13.1%.

Net impairment losses on financial assets, other assets and provisions

in PLN '000'	3rd quarter of 2012	Three quarters of 2012	3rd quarter of 2011	Three quarters of 2011
Retail Segment*	-44 020	-65 616	-67 766	-96 892
Enterprises Segment*	-7 298	-43 768	16 502	9 596
Other provisions*	-2 893	-8 816	1 156	3 003
Result on provisions	**-54 211**	**-118 200**	**-50 108**	**-84 293**

** due to the differences in the segmentation and the recognition of net impairment losses on financial assets, other assets and provisions between the financial reporting and the management information, the above note does not reconcile directly with the note concerning operating segments. The explanation concerning the differences has been presented in Note I.7.8 in this report.*

In three quarters of 2012, the Group recorded a negative balance of net impairment losses on financial assets, other assets and provisions of PLN 118,200 thousand, as compared to the negative balance in three quarters of 2011 amounting to PLN 84,293 thousand.

In the third quarter of 2012, the Group recorded a negative balance of net impairment losses on financial assets, other assets and provisions of PLN 54,211 thousand, as compared to the negative balance in the third quarter of 2011 amounting to PLN 50,108 thousand.

The amount of net impairment losses on financial assets, other assets and provisions in the Retail Segment and in the Enterprises Segment in three quarters of 2012 was affected by the change in the methodology of estimating impairment losses for exposures assessed collectively described in the Group's interim consolidated financial statements as at 30.06.2012. The change resulted in a significant decrease in impairment losses in the Retail Segment and a limited reversal of impairment losses in the Enterprises Segment.

The amount of net impairment losses on assets in the Enterprises Segment in three quarters of 2012 is mostly an effect of the deterioration in the financial condition of a few customers set off with the effective debt rescheduling and debt recovery measures implemented by the Bank (including the sales of the receivables portfolio).

Corporate income tax

The deduction from the Group's net profit due to the income tax in three quarters of 2012 amounted to PLN 95,976 thousand, as compared to the deduction from the Group's net profit in three quarters of 2011 of PLN 93,424 thousand, and in the third quarter of 2012, it amounted to PLN 32,433 thousand as compared to the deduction from the Group's net profit in the third quarter of 2011 of PLN 18,291 thousand.

The effective tax rate in three quarters of 2012 was at the level of 29.5% and was distorted mainly due to the derecognition, in association with the plan of the merger with BZ WBK S.A., of one half of the asset related to the tax loss recognized in previous years and the so-called 'thin capitalization'. The effective tax rate in three quarters of 2011 was at the level of 24.8% and was distorted mainly due to the derecognition of the deferred tax asset related to the impairment of receivables which will not become deductible expenses, and due to the so-called 'thin capitalization'.

7.2 Assets and liabilities

Gross loans and advances to customers

Gross loans and advances to customers as at 30.09.2012 decreased by PLN 385 million (1.3%) as compared to 30.06.2012 and, as compared to 30.09.2011, increased by PLN 102 million (0.3%).

The details concerning the portfolio of loans and advances are presented in items I.7.2.1., I.7.2.2. and I.7.6. below.

Investment securities portfolio

An increase in the carrying amount of investment debt securities as at 30.09.2012 as compared to 30.06.2012 results mainly from the increase in the value of the portfolio of short-term money bills of the National Bank of Poland by PLN 2.2 billion.

Amounts due to banks and subordinated liabilities

in PLN '000'	**30.09.2012**	**30.06.2012**	**31.12.2011**	**30.09.2011**
Loans and advances from KBC Group	507 742	1 871 721	3 234 826	5 238 618
Term deposits, including:	5 087 636	3 342 473	5 160 973	3 848 242
- from KBC Group	4 993 062	2 938 006	5 117 701	3 515 147
Current accounts, including:	239 285	825 330	83 795	2 646 726
- from KBC Group	61 021	469 486	69 746	2 452 859
Other liabilities	5 015	4 447	6 897	6 376
Total amounts due to banks	**5 839 678**	**6 043 971**	**8 486 491**	**11 739 962**
Subordinated liabilities (from KBC Group)	975 161	1 013 882	1 036 510	1 031 965
Total, including:	**6 814 839**	**7 057 853**	**9 523 001**	**12 771 927**
- from KBC Group, including:	6 536 986	6 293 095	9 458 783	12 238 589
- liabilities in the currency other thanPLN	6 049 227	5 762 041	8 869 558	10 593 653

The Bank finances the lending activities not only with deposits, but also, to a large extent, with the financing made available by KBC Group, the Bank's major shareholder. The loans in foreign currencies granted by Kredyt Bank Capital Group are financed with loans in foreign currencies received from KBC Group, deposits in foreign currencies made by entities from KBC Group, customer deposits in foreign currencies and with structures using FX Swaps and CIRS.

Customers' deposits portfolio

Customers' deposits portfolio as at 30.09.2012 increased by PLN 125 million (0.4%) as compared to 30.06.2012 and, as compared to 30.09.2011, increased by PLN 3,504 million (13.3%).

The details concerning the portfolio of deposits are presented in items I.7.2.1. and I.7.2.2. below.

7.2.1 Corporate Banking and SMEs

This section presents aggregate figures for corporate customers and SMEs, excluding non-commercial institutions providing services to households (the figures concerning non-commercial institutions providing services to households are presented in item I.7.2.2. in 'Retail Banking').

The table below presents the structure of gross loans to corporate customers and SMEs at the end of particular quarters.

in PLN '000'	30.09.2012	30.06.2012	31.12.2011	30.09.2011
Corporate customers and SME				
- overdraft facilities	2 518 052	2 336 441	2 019 966	2 155 312
- term loans*	4 208 760	4 075 107	4 207 920	4 146 789
- purchased debt	159 419	223 589	217 702	219 530
- realized guarantees	87 497	86 575	36 120	1 120
- other receivables (including leasing fees)	701 507	703 750	651 848	604 906
- debt securities classified as loans and receivables	48 064	49 182	52 112	52 236
Total	**7 723 299**	**7 474 644**	**7 185 668**	**7 179 893**

** contains mainly investment loans and working capital loans*

in PLN '000'	30.09.2012	30.06.2012	31.12.2011	30.09.2011
Budgetary sector				
- overdraft facilities	13 249	7 745	4 787	9 480
- term loans*	87 208	113 665	106 956	115 587
- purchased debt	0	0	19 963	4 946
- debt securities classified as loans and receivables	79 282	78 817	68 453	24 765
Total	**179 739**	**200 227**	**200 159**	**154 778**

** contains mainly investment loans and working capital loans*

Loans to corporate customers and SMEs as at 30.09.2012 increased by PLN 249 million (3.3%) as compared to 30.06.2012 and, as compared to 30.09.2011, increased by PLN 543 million (7.6%).

The table below presents the structure of deposits made by corporate customers and SMEs at the end of particular quarters.

in PLN '000'	30.09.2012	30.06.2012	31.12.2011	30.09.2011
Corporate customers and SME				
- current accounts	3 235 642	3 462 027	3 952 357	3 369 653
- term deposits	4 153 895	3 430 234	3 874 166	3 628 975
- loans and advances	1 227 862	851 930	879 406	882 091
- other	3 686	5 875	2 018	5 793
Total	**8 621 085**	**7 750 066**	**8 707 947**	**7 886 512**

in PLN '000'	30.09.2012	30.06.2012	31.12.2011	30.09.2011
Budgetary sector				
- current accounts	910 967	996 854	1 055 948	1 290 148
- term deposits	706 403	607 545	401 051	542 605
- other	2	2	1 771	2
Total	**1 617 372**	**1 604 401**	**1 458 770**	**1 832 755**

The value of amounts due to corporate customers and SMEs as at 30.09.2012 increased by PLN 871 million (11.2%) as compared to 30.06.2012 and, as compared to 30.09.2011, increased by PLN 735 million (9.3%), what was an effect of the Bank's offer of new products and of competitive interest terms for term deposits.

7.2.2 Retail Banking

This section presents aggregate figures for private persons, individual entrepreneurs, individual farmers and non-commercial institutions providing services to households.

The table below presents the structure of gross loans to retail customers at the end of particular quarters.

in PLN '000'	**30.09.2012**	**30.06.2012**	**31.12.2011**	**30.09.2011**
- overdraft facilities	1 045 252	1 053 206	1 004 576	1 038 509
- term loans*	650 553	739 893	810 165	839 567
- installment loans, cash loans and cards	2 689 844	2 704 981	2 833 496	2 799 437
- mortgage housing loans	17 461 004	17 999 483	17 984 863	17 685 358
- other mortgage loans**	401 010	412 068	421 838	431 063
- purchased debt	26 679	33 801	14 421	16 005
- realized guarantees	311	1 469	1 472	1 375
- other receivables	113 625	57 012	37 257	43 474
Total	**22 388 278**	**23 001 913**	**23 108 088**	**22 854 788**

** contains mainly investment loans and working capital loans for individual entrepreneurs*
*** comprises mortgage loans other than for housing purposes and refinancing loans secured with mortgages*

The value of loans to retail customers as at 30.09.2012 decreased by PLN 614 million (2.7%) as compared to 30.06.2012 and, as compared to 30.09.2011, decreased by PLN 467 million (2.0%). The changes result largely from changes in the balance of mortgage housing loans, which, as at 30.09.2012 decreased by PLN 538 million (3.0%) as compared to 30.06.2012 and, as compared to 30.09.2011, decreased by PLN 224 million (1.3%), due to, among other things, the changes in CHF/PLN exchange rate.

The table below presents the structure of deposits made by retail customers at the end of particular quarters.

in PLN '000'	**30.09.2012**	**30.06.2012**	**31.12.2011**	**30.09.2011**
- current accounts (including savings account)	11 032 461	11 209 553	11 677 122	12 081 431
- term deposits	8 397 063	8 982 562	6 026 092	4 411 452
- other	83 267	79 865	173 226	35 296
Total	**19 512 791**	**20 271 980**	**17 876 440**	**16 528 179**

The value of retail customers' deposits as at 30.09.2012 decreased by PLN 759 million (3.7%) as compared to 30.06.2012 and, as compared to 30.09.2011, increased by PLN 2,985 million (18.1%). The decrease, as compared to 30.06.2012, was an effect of the outflow of a portion of the funds deposited in previous periods by customers on competitive terms. The increase as compared to 30.09.2011 was an effect of the Bank's offer of new products and of competitive interest terms for term deposits.

Installment loans, cash loans and credit cards

Cash loans are offered in the network of the Bank's outlets as well as via Żagiel. At present, credit cards are offered only in the network of the Bank's outlets and installment loans for the purchase of goods and services only via Żagiel.

In the third quarter of 2012, the Bank's network generated the result on the sales of cash loans comparable to the volume from the second quarter of 2012 and from the third quarter of 2011.

The value of the sales of installment loans carried out via Żagiel in the third quarter of 2012 amounted to nearly PLN 308.5 million and was higher by 7.2% than in the previous quarter. As compared to the corresponding period in the previous year, the Bank recorded the negative growth rate for the sales of installment loans (a decrease by 19.0% in terms of the value of granted loans).

in PLN '000'	**3rd quarter of 2012**	**2nd quarter of 2012**	**4th quarter of 2011**	**3rd quarter of 2011**
Installment loans, cash loans and cards				
Gross value of the portfolio at the end of the quarter, including:	2 689 844	2 704 981	2 833 496	2 799 437
Cash loans granted via the Bank's network				
Gross value of the portfolio at the end of the quarter	926 831	943 920	980 435	990 744
Number of loans granted in the quarter (in '000')	13	13	16	12
Value of loans granted in the quarter	135 743	140 051	175 692	139 835
Loans granted via Żagiel				
Gross value of the portfolio at the end of the quarter*	1 535 766	1 535 318	1 625 642	1 581 918
Number of loans granted in the quarter (in '000'):**	143	135	180	184
- installment loans	135	127	173	178
- cash loans	8	8	7	6
Value of loans granted in the quarter:**	357 304	330 223	415 997	415 392
- installment loans	308 520	287 863	381 132	381 087
- cash loans	48 784	42 360	34 865	34 305

** comprises the consolidation adjustment due to EIR*
*** refers to cash loans and installment loans*

in '000'	**30.09.2012**	**30.06.2012**	**31.12.2011**	**30.09.2011**
Credit cards (Kredyt Bank with Żagiel S.A.)*	176	202	189	192

** in the third quarter of 2012, due to the migration to a new system, the definition of active cards was standardized*

Mortgage housing loans

in PLN '000'	**3rd quarter of 2012**	**2nd quarter of 2012**	**4th quarter of 2011**	**3rd quarter of 2011**
Mortgage housing loans**				
Gross value of the portfolio at the end of the quarter	17 461 004	17 999 483	17 984 863	17 685 358
Number of loans granted in the quarter (in '000')	1.1	0.8	2.5	1.6
Value of loans granted in the quarter*	208 241	138 840	622 839	366 983

** the value of agreements signed in the period*
*** from the first quarter of 2012, the Bank has been presenting mortgage housing loans together with 'Rodzina na swoim' loans and having regard for withdrawals from agreements (the figures for previous periods have been properly restated)*

In the third quarter of 2012, as compared to the second quarter of 2012, the value of mortgage loan agreements increased by 50.0%. The higher sales volume resulted mainly from the improvement of sentiments and the relative stabilization of the situation on the mortgage loans market following a period of a significant decline in the demand in the second quarter of 2012, when borrowers suffered the most from the effects of a more limited access to mortgage housing loans due to the withdrawal of foreign currency loans from the offer or the introduction of stricter criteria for granting such loans by banks, and also due to a tighter policy of granting loans in PLN as a result of the amendments to 'S Recommendation'.

Despite the fact that, following the period of the greatest decline in the production of mortgage housing loans, the situation improved, the sales volumes for mortgage loans in the third quarter of 2012 remained below the level recorded at the beginning of 2012 (when customers executed transactions on the basis of loan applications submitted at the end of the previous year), what is associated with continuing dominance of the factors adversely affecting the development of lending activities in the housing market segment.

Current accounts for individual customers

in PLN '000'	**30.09.2012**	**30.06.2012**	**31.12.2011**	**30.09.2011**
Current accounts				
Carrying amount at quarter end	11 032 461	11 209 553	11 677 122	12 081 431
including ROR accounts*				
Number (in '000')	714	711	689	675
Carrying amount	1 451 783	1 798 282	1 403 577	1 233 854
including the savings account*				
Number (in '000')	732	749	775	735
Carrying amount	8 176 603	8 048 279	8 721 838	9 360 738

** ROR and savings account – figures for private persons*

As at 30.09.2012, the number of current-savings accounts (ROR) amounted to 714 thousand and increased, as compared to 30.06.2012, by 3 thousand (0.4%) and by 39 thousand (5.8%) as compared to 30.09.2011. The carrying amount of the cash deposited in ROR accounts of individual customers as at 30.09.2012 decreased, as compared to 30.06.2012, by PLN 346 million (19.3%) and, as compared to 30.09.2011, increased by PLN 218 million (17.7%).

As at 30.09.2012, as compared to 30.06.2012, the number of savings accounts decreased by 17 thousand (2.3%) and, as compared to 30.09.2011, decreased by 3 thousand (0.4%). The value of deposited funds as at 30.09.2012 increased by PLN 128 million (1.6%) as compared to 30.06.2012 and, as compared to 30.09.2011, decreased by PLN 1,184 million (12.7%). The lower, as compared to the corresponding period in the previous year, balance of the funds deposited in savings accounts results from the migration of the funds to term deposits with attractive interest rates.

Number of outlets

The Bank is adapting the sales network to market conditions on an ongoing basis.

in units	**30.09.2012**	**30.06.2012**	**31.12.2011**	**30.09.2011**
Bank's outlets	369	373	373	374

7.3 Consolidated off-balance sheet items

The table below presents the value of contingent liabilities.

in PLN '000'	30.09.2012	31.12.2011	30.09.2011
Liabilities granted and received			
Liabilities granted:	**5 937 791**	**6 548 048**	**6 049 948**
- financial	3 778 366	4 346 382	3 814 712
- guarantees	2 159 425	2 201 666	2 235 236
Liabilities received:	**903 544**	**882 927**	**1 463 922**
- financial	59 049	41 421	628 633
- guarantees	844 495	841 506	835 289
Liabilities related to the sale/purchase transactions	**159 221 920**	**199 278 505**	**220 091 623**
Collateral received	**10 281 292**	**9 119 201**	**8 948 517**

7.4 Investment funds and unit funds in unit-linked insurance plans

Total net assets of KBC TFI funds (excluding non-registered funds) sold by 30.09.2012 via the Bank's distribution network amounted to PLN 4,405 million. As compared to the figures as at 30.06.2012, it denotes a decrease by 2.5%, and, as compared to the figures as at 30.09.2011, a decrease by 3.1%.

in PLN '000'	30.09.2012	30.06.2012	31.12.2011	30.09.2011
Net assets of KBC TFI funds (excluding non-registered funds) sold via the Bank's distribution network	4 404 963	4 519 632	4 396 763	4 546 519

7.5 The issue, redemption, repayment of debt and equity securities

In the third quarter of 2012 and in the third quarter of 2011, the Group's companies did not issue, redeem or repay any securities issued by the Group's companies.

7.6 The quality of loans and advances portfolio

The quality ratio for the portfolio of the Group's gross loans and advances understood as 'The share of loans and advances with evidence for impairment in total gross loans and advances' as at 30.09.2012 amounted to 9.0% and, as compared to the balance as at 30.06.2012, it increased by 0.6 p.p., and, as compared to the balance as at 30.09.2011, it increased by 1.5 p.p., mainly due to the deconsolidation of Reliz Sp. z o.o. described in Note I.20.

As at 30.09.2012, the coverage of loans and advances with evidence for impairment with impairment losses was at the level of 44.2% and deteriorated by 5.1 p.p. as compared to the balance as at 30.06.2012, and decreased by 9.2 p.p. as compared to the balance as at 30.09.2011, mainly due to the deconsolidation of Reliz Sp. z o.o. described in Note I.20.

In the first half of 2012, the Group changed the methodology of estimating the impairment for loans and advances assessed collectively; as a result, impairment losses with the total estimated value of PLN 64,355 thousand were reversed. In consequence, the Group recorded an increase in impairment losses in the non-impaired portfolio, with their simultaneous decrease in the impaired portfolio.

in PLN '000'	**30.09.2012**	**30.06.2012**	**31.12.2011**	**30.09.2011**
Loans and advances with no evidence for impairment, including interest	27 553 475	28 106 771	27 981 461	27 935 099
Loans and advances with evidence for impairment, including interest	2 737 841	2 570 013	2 512 454	2 254 360
including: loans and advances for which no impairment losses were established	200 760	4 327	37 103	3 339
Total gross loan and advances to customers	**30 291 316**	**30 676 784**	**30 493 915**	**30 189 459**
Impairment losses on loans and advances to customers	1 348 368	1 415 677	1 408 161	1 325 461
including: impairment losses on loans and advances with evidence for impairment	1 209 001	1 266 343	1 299 559	1 202 973
Total net loans and advances to customers	**28 942 948**	**29 261 107**	**29 085 754**	**28 863 998**
The share of loans and advances with evidence for impairment in total gross loans and advances	9.0%	8.4%	8.2%	7.5%
Coverage of loans and advances with evidence for impairment with impairment losses	44.2%	49.3%	51.7%	53.4%
Coverage of gross loans and advances to customers with impairment losses	4.5%	4.6%	4.6%	4.4%

7.7 Capital adequacy ratio

The Group's capital adequacy ratio was calculated as required by the valid regulations of the Polish Financial Supervision Authority and, as at 30.09.2012, amounted to 13.06% as compared to 12.91% as at 30.06.2012 and 12.14% as at 30.09.2011. The Group calculates credit risk applying the Standardized Approach.

The ratio calculated only on the basis of own basic capitals (Tier 1) amounted as at 30.09.2012 to 9.35%, as at 30.06.2012 to 9.21%, and as at 30.09.2011 to 8.52%.

7.8 Segment reporting

The criterion for separating a segment entails the method of carrying business and the type and scope of information used by the management in a given entity. An operating segment is a type of activities reviewed regularly by the authorities responsible for making operating decisions, including decisions concerning the method of allocating resources within the reviewed segment. The figures originate from internal reports used by the Bank's management to review the results of the activities of a given segment. The presentation of particular items follows the approach applied in management reporting. At the same time, one should notice that the management segmentation differs from the financial reporting segmentation applied in the remaining parts of the financial statements.

The Group's operating activities were divided into three basic categories: retail, corporate, treasury.

The Group's operations are not diversified in geographical terms. Operations are focused on the Polish market; the main customer base is composed of national natural and legal persons and foreign customers operating on the Polish market.

Retail Segment

Retail Segment, in management terms, incorporates products targeted at individual customers, private banking, as well as micro and small enterprises (SME), whose annual sales revenue does not exceed PLN 1 million.

The offer entails a wide choice of deposit, credit and insurance (bancassurance) products offered in cooperation with TUnŻ WARTA S.A. and TUiR WARTA S.A., and investment products offered by KBC TFI S.A. This offer is addressed to customers through traditional channels of distribution via the Bank's nationwide network of branches and affiliates, KB24 online service as well as creditonline service, and intermediaries operating in the market.

Corporate Segment

Corporate Segment, in management terms, entails transactions with medium-sized companies (SME with annual sales revenue exceeding PLN 1 million, but not exceeding PLN 25 million), large companies (with total sales revenue exceeding PLN 25 million) as well as state budgetary units at central and local levels.

Beside the traditional products, such as loans, deposits, settlement services, derivatives, the customers from this segment are offered specialist services. They are tailored to customers' individual needs, e.g. organizing syndicates supporting investment projects, financing real estate transactions, financing foreign trade and bulk payments. The Bank's offer in this segment is expanded by the products of Kredyt Lease S.A., which offers a complete range of services for companies in respect of leasing of property, plant and equipment.

Treasury Segment

Treasury Segment, in management terms, comprises the result of the transactions performed by the Bank on its own account as an active participant of: the money market (Treasury and NBP bills), bonds market (Treasury and commercial bonds), currency market and interbank market. The result of the segment also includes net income on derivative instruments transactions: forward, FX swap, IRS, CIRS, FRA, as well as interest rate, currency, discounted and commodity options, except for write-downs for credit risk. Beside the trading activities carried by the Bank on its own account, the segment is responsible for the activities aiming to hedge the Banking Book position.

Other

Income and expenses not assigned to above segments have been presented as 'Other' segment. In addition, this category comprises the results of the operations of Kredyt Trade Sp. z o.o. w likwidacji and Reliz Sp. z o.o. (until the deconsolidation date).

Respective consolidation eliminations were made for the presentation of the results of particular segments.

Additional clarifications

The results presented in all segments include the costs of the financing of lending activities and interest income on sales of deposit resources in internal transactions and they result from the application of an internal price (transfer rate) determined on the basis of reference rates (money market rates) for particular deposit and credit products.

The reconciliation of particular balance sheet items and income statement items for reporting segments with the items of the consolidated balance sheet and the items of the consolidated income statement must encompass the adjustments presented further in this Note.

Net interest income includes mainly net interest income from deposit and lending activities and the total net income from loan commissions treated, in management terms, as an element of the interest margin. The Bank's Management Board, when making operating decisions, bases them mainly on the interest margin. In addition, particular segments entail the costs of financing the cash maintained in the Bank's branches.

Net commission income and other net income comprises:

- commissions for keeping accounts and transactions;
- commissions related to credit, debit and other cards;
- commissions related to the distribution of the shares of the societies of investment funds and other services provided to societies of investment funds;
- commissions related to insurance products;
- commissions related to foreign transactions, i.e. export and import payment orders, transfers and guarantees, letters of credit, bill guarantees and cash collections;
- other net income entailing net income from other commissions and net income from other operating income and expenses.

Net income from treasury transactions in the Retail Segment and in the Corporate Segment is the net income from exchange operations and net income from financial transactions which are a margin on such products as repurchase transactions, bonds, IRS and FX options.

Net income from treasury transactions is composed of the following items of the interim consolidated financial statements:

- net trading income (except for, e.g. net increase/decrease in the provisions for potential losses related to open/active derivatives and the valuation of embedded instruments related to the enterprises function) and
- net result on derivatives used as hedging instruments and hedged items.

Net gains from investment activities – the presented item is the sum of the following items from the financial statements: 'Net gains from investment activities' and 'Dividend income'.

In management reporting, the item *'Net impairment losses on financial assets, other assets and provisions'* includes an additional provision for potential losses related to open/active derivatives (presented in these interim consolidated financial statements in net trading income).

Group's general and administrative expenses – since the beginning of 2012, the Group has been allocating the general and administrative expenses in line with the Activity-based Costing (ABC) system; the comparable data have been restated according to it as well.

The assets of the segment were divided into four basic categories:

- *Loans and advances to banks* – include net loans and advances to banks, excluding interest receivables, as well as debt securities issued by other banks and classified as loans and receivables. The category is presented in the treasury segment.
- *Loans and advances to customers* – include net loans and advances to customers (including leasing fees), excluding interest receivables, as well as debt securities classified as loans and receivables.
- *Securities* – this category is presented in the treasury segment, entails debt securities, securities with the right to equity and shares in investment funds, excluding debt securities classified as loans and receivables.
- *Other* – this category entails all other assets not presented above.

Group's net result for the third quarter of 2012 by operating segments (breakdown according to management reporting)

in PLN '000'	Retail Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**143 234**	**93 709**	**-19 377**	**126**	**217 692**
- lending activities	103 244	66 991	0	-437	169 798
- depositing activities	42 728	28 652	0	576	71 956
- the cost of financing cash kept in the Bank's branches	-2 738	-1 934	4 685	-13	0
Net commission income and other net income	**47 038**	**25 825**	**0**	**12 346**	**85 209**
- commissions for keeping accounts and transactions	18 742	12 699	0	238	31 679
- commissions related to cards	17 180	1 258	0	-143	18 295
- commissions related to shares in investment funds societies	12 284	766	0	455	13 505
- commissions related to insurance products	-913	-3	0	50	-866
- commissions related to foreign transactions	22	4 750	0	111	4 883
- other	-277	6 355	0	11 635	17 713
Net income from treasury transactions	**11 073**	**20 546**	**59 281**	**-294**	**90 606**
- exchange transactions	11 065	19 221	56 092	-749	85 629
- derivatives and securities	8	1 325	3 189	455	4 977
Net gains from investment activities	**0**	**0**	**30 751**	**37**	**30 788**
Gross operating income	**201 345**	**140 080**	**70 655**	**12 215**	**424 295**
Net impairment losses on financial assets, other assets and provisions	**-39 142**	**-5 782**	**0**	**-8 988**	**-53 912**
Group's general and administrative expenses	**-149 883**	**-67 838**	**-6 870**	**-3 095**	**-227 686**
- the costs of the operation of business functions (direct costs)	-79 730	-28 049	-5 567	-2 318	-115 664
- allocated expenses	-59 601	-35 415	-554	0	-95 570
- depreciation (direct costs)	-6 205	-1 119	-730	-777	-8 831
- depreciation (allocated costs)	-4 347	-3 255	-19	0	-7 621
Net operating income	**12 320**	**66 460**	**63 785**	**132**	**142 697**
Share in profit (loss) of associates					0
Income tax expense					-32 433
Net profit (loss)					**110 264**

Group's net result for three quarters of 2012 by operating segments (breakdown according to management reporting)

in PLN '000'	Retail Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**438 492**	**231 271**	**-30 426**	**-6 731**	**632 606**
- lending activities	337 123	150 893	0	-7 501	480 515
- depositing activities	110 139	86 197	0	794	197 130
- the cost of financing cash kept in the Bank's branches	-8 770	-5 819	14 613	-24	0
Net commission income and other net income	**148 657**	**75 481**	**0**	**41 816**	**265 954**
- commissions for keeping accounts and transactions	59 062	38 252	0	604	97 918
- commissions related to cards	49 009	3 807	0	2 358	55 174
- commissions related to shares in investment funds societies	40 219	2 199	0	507	42 925
- commissions related to insurance products	-1 584	16	0	142	-1 426
- commissions related to foreign transactions	50	15 476	0	326	15 852
- other	1 901	15 731	0	37 879	55 511
Net income from treasury transactions	**44 252**	**48 521**	**123 419**	**-1 497**	**214 695**
- exchange transactions	44 178	44 883	121 307	-2 324	208 044
- derivatives and securities	74	3 638	2 112	827	6 651
Net gains from investment activities	**0**	**100**	**30 724**	**18 612**	**49 436**
Gross operating income	**631 401**	**355 373**	**123 717**	**52 200**	**1 162 691**
Net impairment losses on financial assets, other assets and provisions	**-65 340**	**-41 947**	**0**	**-9 859**	**-117 146**
Group's general and administrative expenses	**-474 779**	**-218 042**	**-14 998**	**-13 850**	**-721 669**
- the costs of the operation of business functions (direct costs)	-259 172	-86 167	-12 390	-9 051	-366 780
- allocated expenses	-181 078	-118 607	-1 366	0	-301 051
- depreciation (direct costs)	-22 028	-2 998	-1 157	-4 799	-30 982
- depreciation (allocated costs)	-12 501	-10 270	-85	0	-22 856
Net operating income	**91 282**	**95 384**	**108 719**	**28 491**	**323 876**
Share in profit (loss) of associates					1 019
Income tax expense					-95 976
Net profit (loss)					**228 919**

Group’s net result for the third quarter of 2011 by operating segments (breakdown according to management reporting)

in PLN ‘000’	Retail Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**175 292**	**77 761**	**62 303**	**-4 967**	**310 389**
- lending activities	132 310	50 106	0	-4 989	177 427
- depositing activities	46 354	30 576	0	22	76 952
- the cost of financing cash kept in the Bank’s branches	-3 372	-2 921	6 293	0	0
Net commission income and other net income	**45 372**	**7 897**	**0**	**17 199**	**70 468**
- commissions for keeping accounts and transactions	20 461	12 733	0	152	33 346
- commissions related to cards	14 406	1 286	0	2 324	18 016
- commissions related to shares in investment funds societies	10 700	766	0	0	11 466
- commissions related to insurance products	-4 148	-96	0	-121	-4 365
- commissions related to foreign transactions	8	6 991	0	118	7 117
- other	3 945	-13 783	0	14 726	4 888
Net income from treasury transactions	**15 129**	**16 115**	**-19 540**	**-1 708**	**9 996**
- exchange transactions	15 098	13 173	2 780	-1 372	29 679
- derivatives and securities	31	2 942	-22 320	-336	-19 683
Net gains from investment activities	**0**	**0**	**-19**	**67**	**48**
Gross operating income	**235 793**	**101 773**	**42 744**	**10 591**	**390 901**
Net impairment losses on financial assets, other assets and provisions	**-67 801**	**15 788**	**0**	**1 161**	**-50 852**
Group's general and administrative expenses	**-179 517**	**-73 049**	**-4 157**	**-5 333**	**-262 056**
- the costs of the operation of business functions (direct costs)	-86 230	-30 583	-3 717	-3 317	-123 847
- allocated expenses	-75 958	-38 997	-350	0	-115 305
- depreciation (direct costs)	-16 622	-934	-33	-2 016	-19 605
- depreciation (allocated costs)	-707	-2 535	-57	0	-3 299
Net operating income	**-11 525**	**44 512**	**38 587**	**6 419**	**77 993**
Share in profit (loss) of associates					1 081
Income tax expense					-18 291
Net profit (loss)					**60 783**

Group's net result for three quarters of 2011 by operating segments (breakdown according to management reporting)

in PLN '000'	Retail Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**502 840**	**225 102**	**204 599**	**-14 251**	**918 290**
- lending activities	388 024	144 905	0	-14 307	518 622
- depositing activities	123 737	87 252	0	56	211 045
- the cost of financing cash kept in the Bank's branches	-8 921	-7 055	15 976	0	0
Net commission income and other net income	**128 923**	**55 665**	**0**	**46 188**	**230 776**
- commissions for keeping accounts and transactions	63 889	38 345	0	434	102 668
- commissions related to cards	49 918	4 081	0	1 741	55 740
- commissions related to shares in investment funds societies	36 630	2 144	0	0	38 774
- commissions related to insurance products	-14 013	-163	0	-155	-14 331
- commissions related to foreign transactions	28	16 907	0	291	17 226
- other	-7 529	-5 649	0	43 877	30 699
Net income from treasury transactions	**35 482**	**39 113**	**-37 475**	**-1 190**	**35 930**
- exchange transactions	35 438	35 008	-2 757	-973	66 716
- derivatives and securities	44	4 105	-34 718	-217	-30 786
Net gains from investment activities	0	**50**	**386**	**1 593**	**2 029**
Gross operating income	**667 245**	**319 930**	**167 510**	**32 340**	**1 187 025**
Net impairment losses on financial assets, other assets and provisions	**-99 730**	**8 651**	**0**	**7 083**	**-83 996**
Group's general and administrative expenses	**-499 255**	**-202 071**	**-11 928**	**-16 537**	**-729 791**
- the costs of the operation of business functions (direct costs)	-244 671	-84 557	-10 672	-9 971	-349 871
- allocated expenses	-200 908	-107 205	-993	0	-309 106
- depreciation (direct costs)	-51 865	-2 730	-84	-6 566	-61 245
- depreciation (allocated costs)	-1 811	-7 579	-179	0	-9 569
Net operating income	**68 260**	**126 510**	**155 582**	**22 886**	**373 238**
Share in profit (loss) of associates					2 886
Income tax expense					-93 424
Net profit (loss)					**282 700**

The allocation of assets by operating segments as at 30.09.2012

in PLN '000'	Retail Segment	Corporate Segment	Treasury Segment	Other	Total
Loans and advances to banks	0	0	1 219 764	0	1 219 764
Loans and advances to customers	20 198 068	8 597 342	0	0	28 795 410
Securities	0	0	10 874 480	0	10 874 480
Other	0	0	818 245	1 927 054	2 745 299
Total	**20 198 068**	**8 597 342**	**12 912 489**	**1 927 054**	**43 634 953**

The allocation of assets by operating segments as at 31.12.2011

in PLN '000'	Retail Segment	Corporate Segment	Treasury Segment	Other	Total
Loans and advances to banks	0	0	1 187 219	0	1 187 219
Loans and advances to customers	20 934 417	8 032 717	0	0	28 967 134
Securities	0	0	8 839 889	0	8 839 889
Other	0	0	1 071 089	1 937 753	3 008 842
Total	**20 934 417**	**8 032 717**	**11 098 197**	**1 937 753**	**42 003 084**

The allocation of assets by operating segments as at 30.09.2011

in PLN '000'	Retail Segment	Corporate Segment	Treasury Segment	Other	Total
Loans and advances to banks	0	0	1 190 196	0	1 190 196
Loans and advances to customers	20 636 347	8 119 732	0	0	28 756 079
Securities	0	0	10 197 386	0	10 197 386
Other	0	0	1 161 220	3 789 496	4 950 716
Total	**20 636 347**	**8 119 732**	**12 548 802**	**3 789 496**	**45 094 377**

Below, we are presenting the reconciliation of particular items reported in line with the reporting by operating segments with the consolidated income statement and consolidated assets published in these financial statements.

in PLN '000'	**01.07.2012 - 30.09.2012**
Net interest income – management information	**217 692**
- commissions on loans	14 215
+ operating expenses (interest on finance lease)	-49
+ operating income (the collection of statutory interest)	1 892
+ commissions related to foreign transactions	38
+ net income from commissions on cards	497
+ other	6
Net interest income – financial statements	**205 861**
Net commission income and other net income – management information	**85 209**
+ commissions on loans	14 215
- operating expenses (interest on finance lease)	-49
- operating income (the collection of statutory interest)	1 892
- commissions related to foreign transactions	38
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	285
- net income from commissions on cards	497
- other	3
Net commission income and other net income – financial statements – presented as:	**96 758**
Net fee and commission income	82 733
Other operating income	23 389
Other operating expenses	-9 364
Net income from treasury transactions – management information	**90 606**
+ net increase/decrease in provisions for potential losses related to active derivatives	296
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	285
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**91 187**
Net trading income	91 564
Net result on derivatives used as hedging instruments and hedged items	-377
Net gains from investment activities – management information	**30 788**
Net gains from investment activities and dividend income – financial statements – presented as:	**30 788**
Net gains from investment activities	30 751
Dividend income	37
Gross operating income – management information	**424 295**
+ net increase/decrease in provisions for potential losses related to active derivatives	296
+ other	3
Gross operating income – financial statements – presented as:	**424 594**
Total operating income	433 958
Other operating expenses	-9 364
Net impairment losses on financial assets, other assets and provisions – management information	**-53 912**
- net increase/decrease in provisions for potential losses related to active derivatives	296
- other	3
Net impairment losses on financial assets, other assets and provisions – financial statements	**-54 211**

in PLN '000'	**01.01.2012 - 30.09.2012**
Net interest income – management information	**632 606**
- commissions on loans	37 186
+ operating expenses (interest on finance lease)	-217
+ operating income (the collection of statutory interest)	5 913
+ commissions related to foreign transactions	307
- structured deposit – interest adjustment	188
+ net income from commissions on cards	497
+ other	71
Net interest income – financial statements	**601 803**
Net commission income and other net income – management information	**265 954**
+ commissions on loans	37 186
- operating expenses (interest on finance lease)	-217
- operating income (the collection of statutory interest)	5 913
- commissions related to foreign transactions	307
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-3 709
- net income from commissions on cards	497
+ reversal of provisions related to incentive programmes	3 963
- other	1
Net commission income and other net income – financial statements – presented as:	**304 311**
Net fee and commission income	253 035
Other operating income	78 384
Other operating expenses	-27 108
Net income from treasury transactions – management information	**214 695**
+ net increase/decrease in provisions for potential losses related to active derivatives	984
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-3 709
+ structured deposit – interest adjustment	188
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**212 158**
Net trading income	211 768
Net result on derivatives used as hedging instruments and hedged items	390
Net gains from investment activities – management information	**49 436**
Net gains from investment activities and dividend income – financial statements – presented as:	**49 436**
Net gains from investment activities	47 797
Dividend income	1 639
Gross operating income – management information	**1 162 691**
+ net increase/decrease in provisions for potential losses related to active derivatives	984
+ reversal of provisions related to incentive programmes	3 963
+ other	70
Gross operating income – financial statements – presented as:	**1 167 708**
Total operating income	1 194 816
Other operating expenses	-27 108

Net impairment losses on financial assets, other assets and provisions – management information	**-117 146**
- net increase/decrease in provisions for potential losses related to active derivatives	984
- other	70
Net impairment losses on financial assets, other assets and provisions – financial statements	**-118 200**
Group's general and administrative expenses – management information	**-721 669**
- reversal of provisions related to incentive programmes	3 963
General and administrative expenses – financial statements	**-725 632**

in PLN ‘000’	**01.07.2011 - 30.09.2011**
Net interest income – management information	**310 389**
- commissions on loans	12 326
+ operating expenses (interest on finance lease)	-149
+ operating income (the collection of statutory interest)	3 404
+ commissions related to foreign transactions	160
- structured deposit – interest adjustment	3 035
Net interest income – financial statements	**298 443**
Net commission income and other net income – management information	**70 468**
+ commissions on loans	12 326
- operating expenses (interest on finance lease)	-149
- operating income (the collection of statutory interest)	3 404
- commissions related to foreign transactions	160
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-19 685
Net commission income and other net income – financial statements – presented as:	**99 064**
Net fee and commission income	78 899
Other operating income	33 449
Other operating expenses	-13 284
Net income from treasury transactions – management information	**9 996**
+ net increase/decrease in provisions for potential losses related to active derivatives	-744
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-19 685
+ structured deposit – interest adjustment	3 035
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**-7 398**
Net trading income	-6 659
Net result on derivatives used as hedging instruments and hedged items	-739
Net gains from investment activities – management information	**48**
Net gains from investment activities and dividend income – financial statements – presented as:	**48**
Net gains from investment activities	-19
Dividend income	67
Gross operating income – management information	**390 901**
+ net increase/decrease in provisions for potential losses related to active derivatives	-744
Gross operating income – financial statements – presented as:	**390 157**
Total operating income	403 441
Other operating expenses	-13 284

Net impairment losses on financial assets, other assets and provisions – management information	**-50 852**
- net increase/decrease in provisions for potential losses related to active derivatives	-744
Net impairment losses on financial assets, other assets and provisions – financial statements	**-50 108**

in PLN '000'	**01.01.2011 - 30.09.2011**
Net interest income – management information	**918 290**
- commissions on loans	35 783
+ operating expenses (interest on finance lease)	-565
+ operating income (the collection of statutory interest)	12 047
+ commissions related to foreign transactions	391
- structured deposit – interest adjustment	12 130
+ other	-5
Net interest income – financial statements	**882 245**
Net commission income and other net income – management information	**230 776**
+ commissions on loans	35 783
- operating expenses (interest on finance lease)	-565
- operating income (the collection of statutory interest)	12 047
- commissions related to foreign transactions	391
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-23 109
+ reversal of provisions related to incentive programmes	17 061
- other	-5
Net commission income and other net income – financial statements – presented as:	**294 861**
Net fee and commission income	240 200
Other operating income	101 075
Other operating expenses	-46 414
Net income from treasury transactions – management information	**35 930**
+ net increase/decrease in provisions for potential losses related to active derivatives	-990
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-23 109
+ structured deposit – interest adjustment	12 130
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**23 961**
Net trading income	25 131
Net result on derivatives used as hedging instruments and hedged items	-1 170
Net gains from investment activities – management information	**2 029**
Net gains from investment activities and dividend income – financial statements – presented as:	**2 029**
Net gains from investment activities	386
Dividend income	1 643
Gross operating income – management information	**1 187 025**
+ net increase/decrease in provisions for potential losses related to active derivatives	-990
+ reversal of provisions related to incentive programmes	17 061
Gross operating income – financial statements – presented as:	**1 203 096**
Total operating income	1 249 510
Other operating expenses	-46 414

Net impairment losses on financial assets, other assets and provisions – management information	**-83 996**
- net increase/decrease in provisions for potential losses related to active derivatives	-990
+ charges related to provisions for employee benefits	-1 287
Net impairment losses on financial assets, other assets and provisions – financial statements	**-84 293**

Group's general and administrative expenses – management information	**-729 791**
- charges related to provisions for employee benefits	-1 287
- reversal of provisions related to incentive programmes	17 061
General and administrative expenses – financial statements	**-745 565**

in PLN '000'	**Management information**	**Interest**	**Financial statements (net value)**
30.09.2012			
Loans and advances to banks	1 219 764	1 118	1 220 882
Loans and advances to customers	28 795 410	147 538	28 942 948
31.12.2011			
Loans and advances to banks	1 187 219	793	1 188 012
Loans and advances to customers	28 967 134	118 620	29 085 754
30.09.2011			
Loans and advances to banks	1 190 196	903	1 191 099
Loans and advances to customers	28 756 079	107 919	28 863 998

in PLN '000'	**30.09.2012**
Securities – management information	**10 874 480**
Securities – financial statements – presented as:	**10 874 480**
Financial assets designated upon initial recognition as at fair value through profit or loss	64 294
Financial assets held for trading (excluding derivatives)	114 386
Investment securities	10 695 800

in PLN '000'	**31.12.2011**
Securities – management information	**8 839 889**
Securities – financial statements – presented as:	**8 839 889**
Financial assets designated upon initial recognition as at fair value through profit or loss	100 684
Financial assets held for trading (excluding derivatives)	60 493
Investment securities	8 678 712

in PLN '000'	**30.09.2011**
Securities – management information	**10 197 386**
Securities – financial statements – presented as:	**10 197 386**
Financial assets designated upon initial recognition as at fair value through profit or loss	99 945
Financial assets held for trading (excluding derivatives)	769 474
Investment securities	9 327 967

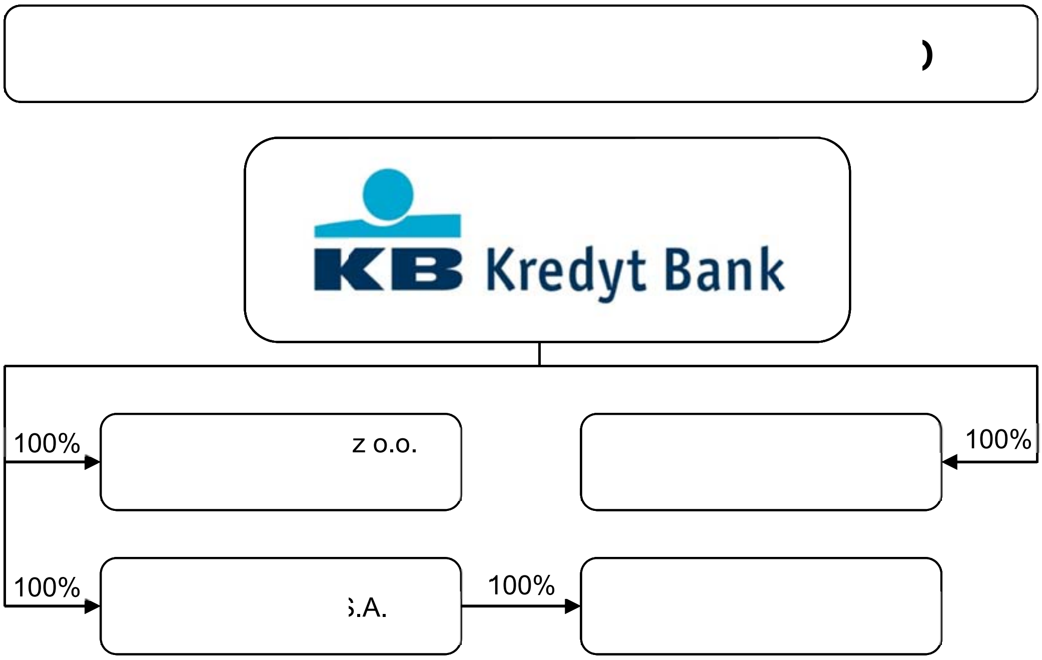
8. Information on dividend

Pursuant to the Resolution of the Ordinary General Meeting of Shareholders of Kredyt Bank S.A. concerning the distribution of profit for 2011 adopted on 25.05.2012, the dividend for 2011 was not paid.

9. The Group's structure

Kredyt Bank S.A. Capital Group is composed of legally separated business entities, whose business activities are closely coordinated. The capital relations linking the Group, defining the nature of the relationship, are reinforced by business relations, contracts, a joint product offer, controlling functions performed by the Bank over the operating and financial policies as well as the transfer of management staff and *know-how*.

The Group's companies and ownership structure as at 30.09.2012 were as follows:



As at 30.09.2012, the following companies were consolidated with the full method: Kredyt Lease S.A. and Kredyt Trade Sp. z o.o. w likwidacji.

Due to the declaration by Reliz Sp. z o.o. of bankruptcy by liquidation of its assets and the take-over of the company's management by the trustee in bankruptcy, pursuant to the definition stated in IAS 27, the Bank lost control of Reliz Sp. z o.o. As a result, as at 30.09.2012, the company was not consolidated.

The Group does not consolidate the financial statements of Lizar Sp. z o.o. and BFI Serwis Sp. z o.o. as the range of their operating activities as well as their financial figures are not material.

10. Comparable data

The comparable data for previous periods included in these financial statements take account of the presentation changes introduced to the financial statements prepared as at 30.09.2012.

Due to the change in the presentation of expenses incurred by the Group within particular expense categories from net terms to gross terms (including VAT), the values in the items presented in the consolidated income statement for three quarters of 2011 and for the third quarter of 2011 have changed.

in PLN '000'	**Published data**	**Changes**	**Comparable data**
	Three quarters of 2011		**Three quarters of 2011**
General and administrative expenses	-752 380	+6 815	-745 565
Other operating expenses	-39 599	-6 815	-46 414
	3rd quarter of 2011		**3rd quarter of 2011**
General and administrative expenses	-264 080	+2 024	-262 056
Other operating expenses	-11 260	-2 024	-13 284

Below, we are presenting a Note showing changes in particular items of general and administrative expenses for three quarters of 2011 and for the third quarter of 2011.

	Published data	**Changes**	**Comparable data**
in PLN '000'	**Three quarters of 2011**		**Three quarters of 2011**
Staff costs	**335 744**	**927**	**336 671**
General expenses	**345 822**	**-7 742**	**338 080**
- costs of buildings lease	64 029	12 900	76 929
- IT and telecommunications fees	60 464	12 958	73 422
- costs of buildings maintenance and renovations	15 645	2 804	18 449
- energy costs	14 737	2 445	17 182
- advisory and specialist services costs	18 758	3 222	21 980
- postal fees	19 008	653	19 661
- transportation services	11 455	2 483	13 938
- property protection expenses	6 671	989	7 660
- taxes and fees	86 771	-55 008	31 763
- promotion and advertising services	26 416	5 609	32 025
- purchase of other materials	2 238	537	2 775
- training expenses	3 043	643	3 686
- business trips	1 726	347	2 073
- other	14 861	1 676	16 537
Depreciation	**70 814**	**0**	**70 814**
Total	**752 380**	**-6 815**	**745 565**

in PLN '000'	Published data 3rd quarter of 2011	Changes	Comparable data 3rd quarter of 2011
Staff costs	**123 154**	**345**	**123 499**
General expenses	**118 022**	**-2 369**	**115 653**
- costs of buildings lease	21 590	4 358	25 948
- IT and telecommunications fees	20 032	4 472	24 504
- costs of buildings maintenance and renovations	5 340	1 011	6 351
- energy costs	4 469	746	5 215
- advisory and specialist services costs	7 274	1 091	8 365
- postal fees	6 427	202	6 629
- transportation services	4 054	916	4 970
- property protection expenses	2 219	343	2 562
- taxes and fees	28 768	-18 868	9 900
- promotion and advertising services	9 005	1 936	10 941
- purchase of other materials	696	180	876
- training expenses	818	181	999
- business trips	554	117	671
- other	6 776	946	7 722
Depreciation	**22 904**	**0**	**22 904**
Total	**264 080**	**-2 024**	**262 056**

11. Description of major accounting policies and significant accounting estimates

The Group did not introduce any material changes in the applied accounting policies as compared to the principles and methods described in the Group's published consolidated financial statements as of 31.12.2011.

11.1 Significant accounting estimates

The preparation of financial statements in line with the IFRS requires a professional judgment of the Bank's Management Board and Management Boards of the Group's companies on the adopted accounting policies and accounting estimates applied with respect to balance sheet items and income statement items. Estimates are made basing on historical data and a number of assumptions based on the facts available as at the balance sheet date, resulting from internal and external conditions. The actual results of future business operations may differ from the present accounting estimates as at the balance sheet date. Therefore, accounting estimates are verified on a regular basis. Changes in estimates are recognized in the financial statements in the period they were introduced. If such changes are also related to future periods, the assumptions being the basis for the estimates for future periods are also adjusted.

The most important accounting estimates prepared for the purpose of these interim consolidated financial statements refer to:

- identification and measurement of impairment losses for financial assets measured at amortized cost and historical cost;
- measurement of financial assets and liabilities at fair value, including derivatives for which no active market exists;
- a value of deferred tax asset;
- provisions.

In the second quarter of 2012, the Bank implemented new models estimating the level of impairment losses for exposures assessed collectively. The changes have been described in the Group's published interim consolidated financial statements as at 30.06.2012.

The estimated positive impact of the said change in and was presented in 'Net impairment losses on financial assets, other assets and provisions'.

The Group did not introduce any other material changes in the applied methods of performing accounting estimates as compared to the principles and methods described in the Group's published consolidated financial statements as of 31.12.2011.

11.2 Classification and measurement of financial assets and liabilities

The full description of accounting policies and accounting estimates applied in the Group is available in the consolidated financial statements of the Group as at 31.12.2011. Below, we are only presenting the details concerning the most important items in the Group's financial statements.

Financial assets and liabilities at fair value through profit or loss

This category includes:

- assets or liabilities held for trading, i.e. those acquired or contracted with the intention to sell or repurchase them in the nearest future. This category comprises portfolios of the financial assets and liabilities portfolios managed jointly in order to generate profits in a short time horizon. This category also includes derivatives;
- financial assets or liabilities designated by the Group's entities upon initial recognition as measured at fair value through profit or loss as the items are managed on the basis of the valuation at fair value, pursuant to the recorded risk management principles or investment strategy of the Group.

Interest and acquired discount or premium on debt securities is settled over time in net interest income based on the effective interest rate method. Securities are carried at fair value, and its change is recognized in the profit/loss on financial operations.

Net gains from assets disposal are calculated with the FIFO method.

Derivatives are recognized at fair value, without deductions of transaction expenses that can be incurred at the disposal. The valuation of derivatives also entails credit risk; the respective charges are recognized in the income statement.

Derivatives with positive valuation as at the date of measurement are recognized in the balance sheet as assets, and derivatives with negative valuation from measurement – in liabilities.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group's entities intend and are able to hold to maturity or by the date very close to maturity, different from:

a) designated by an entity upon initial recognition as at fair value through profit or loss;

b) designated by an entity as available-for-sale; and

c) meeting the definition of loans and receivables.

Held-to-maturity investments are measured at amortized cost using the effective interest rate method, taking account of impairment losses. Accrued interest and settled discount or premium is recognized in net interest income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

a) financial assets that the company intends to sell immediately or in the near term, which are classified as held for trading, and those that the company upon initial recognition designates as at fair value through profit or loss;

b) financial assets that the company upon initial recognition designates as available-for-sale, or

c) financial assets for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Loans and receivables are measured in the balance sheet at amortized cost based on the effective interest rate method, taking account of impairment losses.

Accrued interest with net commission (commissions received less commissions paid) are settled over time using the effective interest rate method and are recognized in interest income. Impairment losses are recognized in the income statement in correspondence with accounts of provisions which adjust assets value.

In the case of the customers for whom the possibilities of servicing loans within the time limits specified in agreements deteriorated, and whose conditions of the debt service are renegotiated, as a principle, the Bank, having regard for the new conditions, re-estimates the discounted cash flows. If the present value of estimated future cash flows discounted using the effective interest rate method is not significantly lower than before the renegotiation, a given loan will remain in the portfolio of exposures with no evidence for impairment. Otherwise, a loan is classified in the portfolio of loans with evidence for impairment.

Financial assets available for sale

Financial assets available for sale are non-derivative financial assets designated as available for sale or not classified as financial assets valued at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value on the balance sheet. Changes in fair value are recognized in the revaluation reserve until the financial asset is derecognized or impairment is recognized; then accumulated gains/losses included in equity are recognized in the income statement. In the case of debt securities, interest income and discount or premium is settled over time in net interest income using the effective interest rate method.

Dividends from available-for-sale equity instruments are recognized in the income statement at the time when the right to obtain them arises.

Net gains from assets disposal are calculated with the FIFO method.

If fair value of equity instruments cannot be determined, then assets are recognized at cost less impairment loss.

A significant or prolonged decrease in the fair value of an investment in the equity instrument in the portfolio of available-for-sale financial assets below cost constitutes objective evidence for impairment. Impairment losses are recognized in the income statement in correspondence with accounts of provisions which adjust assets value.

Financial liabilities other than held for trading

This category includes amounts due to banks and customers, loans borrowed by the Group, own debt securities issued, liabilities arising from repurchase transactions and subordinated liabilities, following the deduction of transaction expenses.

Financial liabilities other than held for trading are recognized in the balance sheet at amortized cost with the application of the effective interest rate method.

Hedge accounting

Hedge accounting recognizes the effects of compensating for changes in fair value of the hedging instrument and the hedged item, which exert an impact on the income statement. According to adopted hedge accounting principles, the Group designates certain derivatives to hedge fair value and future cash flows of specific assets, on condition that the criteria provided for in IAS 39 are met. Hedge accounting is applied in the Group to hedge certain items, when all the following criteria are met:

- upon the inception of hedge, the Group officially determines and documents hedging relations as well as the purpose of risk management and the strategy of hedge. The documentation identifies the hedging instrument, the hedged item or transaction, the nature of the hedged risk and the method of the Group's assessment of hedging instrument effectiveness in offsetting the risk of changes in fair value of the hedged item or cash flows related to the hedged risk;
- the hedging is expected to be highly effective in achieving offsetting changes in fair value (or cash flows) attributable to the hedged risk, according to the initially documented risk management strategy related to a specific hedging relationship;
- in the case of the cash flow hedge, the planned hedged transaction must be highly probable and must be subject to the threat of changes in the cash flow which, as a result, may affect the income statement;
- the hedge effectiveness may be assessed reliably, i.e. fair value or cash flows attributable to the hedged item resulting from the hedged risk and the fair value of the hedging instrument may be measured reliably;
- the hedge is assessed on an ongoing basis and is found highly effective in all reporting periods in which the hedge was established.

Fair value hedge, which meets hedge accounting conditions, is recognized by the Group as follows:

- gains or losses resulting from the revaluation of fair value of a hedging derivative are recognized in the income statement;
- gains or losses related to the hedged item, resulting from the hedged risk, adjust the carrying amount of the hedged item and are recognized in the income statement.

Future cash flows hedge, which meets hedge accounting conditions, is recognized by the Group as follows:

- a portion of gains or losses associated with the hedging instrument, which constitutes an effective hedge, is recognized directly in equity;
- a non-effective portion of gains or losses associated with the hedging instrument is recognized in the income statement.

Interest received and paid on derivatives used as hedging instruments is recognized in the income statement in interest income/expense respectively.

Valuation of financial assets and liabilities at fair value

Fair value is an amount for which an asset may be sold or exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The transaction price is the best indicator of fair value at the initial recognition of a financial instrument.

Fair value of financial assets and liabilities is determined on the basis of quotations on active markets, including prices of the latest transactions.

In the case of financial assets and liabilities recognized in the balance sheet at fair value (except for equity instruments from the portfolio of available-for-sale assets), for which no active market is identified and there is no possibility of determining the fair value using market prices, they are measured on the basis of generally adopted measurement models based on variables that can be observed in the market environment.

The fair value of such financial assets and liabilities is determined on the basis of the net present value, i.e. the sum of all cash flows discounted using the yield curve applicable to a given currency and adjusted with the issuer's credit risk.

Certain variables, e.g. future interest rates, volatility parameters, correlations, must be assessed professionally. The models and variables are verified on a regular basis. The change in adopted models or variables in these models might affect accounting estimates related to measurement.

Effective interest rate method

The Group has been amortizing, into income statement, commission/fee income and expenses as well as certain other external expenses connected with the measured financial assets and liabilities in accordance with the stipulations provided in IAS 39.

The following financial assets and liabilities are measured by the Group at amortized cost, by using the effective interest rate method:

- loans and receivables;
- held-to-maturity investments;
- non-derivative financial liabilities other than held for trading;
- repurchase transactions.

In addition, in the case of debt securities carried at fair value through profit or loss and available-for-sale assets, the coupon rates and acquired discounts or premiums are charged to the income statement also at amortized cost.

The effective interest rate is the rate that discounts a future, expected flow of net cash payments to present net carrying amount during the period until maturity or by the time of the next market evaluation of a particular financial asset and liability, and its determination entails any due or cash payments as well as cash flows paid or received by the Group under the agreement on a given instrument, excluding future, possible credit losses.

The method of settling coupon rates, commissions/fees and certain external costs connected with the financial instruments (with the effective interest rate method or the straight-line method) depends on the nature of a given instrument. In the case of financial instruments with fixed cash flows schedules, the method of the effective interest rate is applied. In the case of instruments with undefined cash flows schedules, it is impossible to calculate the effective interest rate and commissions/fees are settled on the straight-line basis over time.

The method of recognizing particular types of commissions/fees in the income statement depends on the economic nature of a commission/fee.

The items included in the commissions/fees settled over time include, e.g. fees for a positive appraisal of a loan application, commissions for granting a credit, commissions for releasing a credit, fees for establishing additional collateral, fees paid to loans extension intermediaries. The above commissions and fees constitute an integral part of the return generated by a specific financial instrument. This category also includes fees and costs of changes in contractual terms, what modifies the value of initial effective interest rate. Any significant amendment to the conditions of a given financial instrument in economic terms is connected with the expiry of the financial instrument of the previous type and creation of a new instrument with different characteristics. The fees that are collected in this category include, among others, fees for preparing an annex changing a future cash flows schedule, fees for restructuring loan agreements, fees for postponement of payment dates, etc. The above-mentioned types of fees are deferred and settled over time in the income statement applying the effective interest rate method or on a straight-line basis, depending on the type of a product.

In the case of assets for which evidence for the impairment was identified, interest income is charged on the basis of net investment defined as the difference between the gross exposure value (having regard for unsettled commissions) and impairment loss.

11.3 The values of deferred tax assets

The companies of the Group recognize a deferred tax liability for all temporary differences whereas the deferred tax asset is recognized up to the amount justified by financial plans approved by the Management Boards of the Group’s companies concerning the probable realization of the asset.

11.4 Investment properties

Under IAS 40, the Group recognizes investment properties at cost.

11.5 Non-current assets held for sale

The Group classifies a non-current asset (or a disposal group) as held for sale if its carrying amount is recovered principally through a sale transaction rather than through continuing use.

Pursuant to IFRS 5, assets held for sale are measured at the lower of: present carrying amount or fair value less costs to sell. Non-current assets, when they are classified as held for sale, are not depreciated.

12. Events after the reporting period

No significant events which have not been, but should be, disclosed in these financial statements had place from the balance sheet date to the publication date of these financial statements.

13. Information on shareholders holding over 5% stake in the share capital and in votes at the General Meeting of Shareholders

The table below presents the list of major shareholders of Kredyt Bank S.A. as at 30.09.2012.

Shareholder	Line of business	Number of shares and votes at GMS	Share in votes and in share capital (in %)
KBC Bank NV – party of KBC Group	Banking	217 327 103	80.00

On 26.01.2012, the Bank received a notice from Pioneer Pekao Investment Management S.A. (‘PPIM’) about the decline in its total commitment to 4.29% of the total votes at the General Meeting of Shareholders concerning the financial instruments included in the portfolios managed by PPIM. Pursuant to the said notice, the commitment of Pioneer Fundusz Inwestycyjny Otwarty decreased to 4.16% of the total votes at the General Meeting of Shareholders.

Further information about the said issue is available in the current report dated 26.01.2012.

14. The Bank’s shares and the shares in the Group’s companies held by the Members of the Management Board and of the Supervisory Board

Both as at 30.09.2012 and 30.09.2011, Members of the Bank’s Management Board and of the Bank’s Supervisory Board did not hold any Bank’s shares or shares in the Bank’s subsidiaries and associates.

15. Information on proceedings before a court, an authority competent for arbitration proceedings or a public administration authority

In the third quarter of 2012, the companies of the Group were not a party to any proceedings before a court, an authority competent for arbitration proceedings or a public administration authority, where the amount(s) claimed would amount to at least 10% of the Bank's (issuer's) equity.
Below are presented those proceedings, in which the amounts claimed are the highest and in which a company of the Group is the defendant.

- Two court proceedings regarding a credit granted to Laboratorium Frakcjonowania Osocza Sp. z o.o. in Mielec ('LFO'). The Bank is the leader of the syndicate of five banks, which, under the agreement of 04.03.1997, granted a syndicated loan to LFO. The loan was secured by, among others, a registered pledge on the company's property, plant and equipment and the surety of the State Treasury up to 60% of the drawn amount of the loan and accrued interest. As the investment project for which the loan was extended had not been completed and the dates of the payment of commitments had not been met, the Bank, representing the syndicate, terminated the agreement under its terms and conditions and called LFO to pay claims.

- The State Treasury requested for determination whether the syndicated loan agreement concluded between LFO and the syndicate of five banks had expired on 28.02.1998 as a result of the occurrence of a contractual condition, and, as a result, the commitment of the State Treasury as the guarantor of the loan under the guarantor's agreement had expired as well. The State Treasury is represented by the General Public Prosecutor's Office of the State Treasury. Experts' opinions and auxiliary opinions were prepared and additional witnesses were questioned. In the first quarter of 2007, the State Treasury changed the lawsuit and claimed PLN 8,207 thousand including interest. Pleadings were exchanged. In the fourth quarter of 2008, the court requested the Bank to submit documents concerning the debt collection process carried out against the State Treasury on the basis of a banking executory title with the enforceability clause. The Bank delivered the required documents to the court. In September 2010, the court ordered the Bank to hand over the documents confirming the launch of the loan (the launches dates and amounts) to an accounting expert. In June 2011, the court obliged the parties to submit pleadings containing all the statements and evidence material for the proceedings. In the second quarter of 2012, the parties submitted comments to the expert's auxiliary opinion. In the third quarter of 2012, the parties requested that the auxiliary opinion be prepared by a different expert. The court issued the decision in which they admitted the expert's opinion, ordered the preparation of the opinion and set the deadline for it. The new opinion will take into consideration the comments made by the parties to the previous opinion. The date of the hearing has not been set.

- On 17.01.2001, the President of the Office for Competition and Customer Protection, upon the request of the Polish Organization of Commerce and Distribution (POHiD), initiated proceedings concerning competition-restricting practices on the payment cards market by VISA and MasterCard as well as 20 banks, including Kredyt Bank S.A.

  On 29.12.2006, the President of the Office for Competition and Customer Protection issued the decision in which:

- they imposed a fine on Kredyt Bank of PLN 12,158.4 thousand;
- HSBC Bank Polska S.A. ('HSBC') was fined with PLN 193.0 thousand and the proceedings against this company were discontinued (under a binding agreement between HSBC and Kredyt Bank S.A., the fine for HSBC should be paid by Kredyt Bank S.A. as well).

  The decision was to be enforced immediately as regards the order to discontinue the practice of joint determination of the intercharge fee rate. On 17.01.2006 and 19.01.2007, appeals against Decision No. DAR 15/2006 of the President of the Office for Competition and Customer Protection were made on behalf of HSBC Bank Polska and Kredyt Bank. In this decision, the President of the Office for Competition and Customer Protection resolved that joint determination by the Banks, Visa and MasterCard of the interchange fee restricted competition. On 18.01.2007, the President of the Office for Competition and Customer Protection issued a decision in which they obliged the banks to jointly and severally pay PLN 157.6 thousand to the Polish Organization of Commerce and Distribution (POHiD) as reimbursement of the proceedings costs. Kredyt Bank S.A. complained against this decision on 31.01.2007 and deemed it unjustified. The case was referred to the Economic Court in

Warsaw which split the case into separate proceedings against each of the banks involved in the case. On 25.08.2008, the court decided to withhold the execution of the decision issued in the case of interchange fees. On 12.11.2008, the circuit court in Warsaw, the Competition and Customer Protection Court, issued a judgment amending the contested decision, in which the court stated that the Banks had not applied monopolistic practices in this respect. On 03.02.2009, the Bank received the appeal against the judgment made by the President of the Office for Competition and Customer Protection. At the hearing held on 22.04.2010, the court issued a judgment by which it overruled the judgment of the circuit court advantageous for the Bank and referred the case to the circuit court to be re-examined. In the first half of 2012, two hearings took place at which no judgment was issued. On 08.05.2012, the court decided to suspend the proceedings upon the request of one of the participants in legal proceedings. By the date of the publication of these financial statements, the proceedings have been still suspended.

- The plaintiff claims damages from Kredyt Bank S.A. and HSBC Bank Polska S.A. of PLN 20 million and PLN 10 million as the satisfaction of the claim. In the justification of the lawsuit, the plaintiff claims that Prosper Bank S.A. (now HSBC Bank Polska S.A.), acting under the cooperation agreement concluded with a leasing company, wrote a bill of exchange which secured the agreement, and further lodged a lawsuit against this company and the plaintiff in the proceedings by writ of payment for this bill of exchange and obtained the order for payment. In the plaintiff’s opinion, Prosper Bank violated the agreement, wrote the bill of exchange incorrectly and lodged a completely unjustified lawsuit. The plaintiff claims that the order for payment issued by the district court on 11.01.1999 resulted in the loss of his property and his detriment amounting to PLN 30 million. Kredyt Bank S.A. submitted a reply to the lawsuit on its own and HSBC’s behalf. On 28.09.2010, the circuit court in Warsaw issued a judgment on the dismissal of the plaintiff’s lawsuit against Kredyt Bank S.A. and HSBC Bank Polska S.A. The plaintiff made an appeal to this decision. On 06.07.2011, the court dismissed the plaintiff’s appeal, issuing the decision upholding the judgment of the court of first instance. On 21.02.2012, the Bank received the plaintiff’s last resort appeal. The Bank’s attorneys replied to the last resort appeal by the statutory date. The date of the hearing has not been determined. There were no changes in the status of these proceedings in the third quarter of 2012.
- The plaintiff – a meat processing company – filed a lawsuit against Kredyt Bank S.A. questioning the validity of concluded option transactions amounting to PLN 9,468,362, particularly the put options concluded by the Bank. The plaintiff claims and accuses the Bank of, inter alia, misleading the customer, abusing its stronger contractual position, and violating the norms of social coexistence. The Bank’s attorneys responded to the lawsuit. There were no changes in the status of these proceedings in the third quarter of 2012. The next hearing is scheduled for November 2012.

Due to the loss of control of Reliz Sp. z o.o. and the deconsolidation of this company described in Note I.20, the Group is not a party to any disputes related to this company, except for one case, which, in the Bank's opinion, does not involve any material legal risk.

The Bank’s Management Board is of the opinion that any risks related to the proceedings before courts or public administration authorities are properly secured by the provisions established by the Bank.

16. Related party transactions concluded by the Issuer or its subsidiaries

In the third quarter of 2012 and in the third quarter of 2011, there were no related party transactions concluded by the Bank or its subsidiaries that were not concluded on market terms.

Transaction volumes as well as related income and expenses are presented below.

As at 30.09.2012

Assets	Associates	Parent company KBC Bank NV	KBC Group (without KBC Bank NV)	Total as at 30.09.2012
Loans and advances to banks	0	35 769	5 664	41 433
Derivatives	0	153 156	1 515	154 671
Loans and advances to customers	0	0	0	0
Other assets	0	17	5 204	5 221
Total assets	**0**	**188 942**	**12 383**	**201 325**

Liabilities	Associates	Parent company KBC Bank NV	KBC Group (without KBC Bank NV)	Total as at 30.09.2012
Amounts due to banks	0	5 471 934	89 891	5 561 825
Derivatives	0	129 653	6 116	135 769
Amounts due to customers	0	4 174	128 357	132 531
Other liabilities	0	66	2 692	2 758
Subordinated liabilities	0	975 161	0	975 161
Total liabilities	**0**	**6 580 988**	**227 056**	**6 808 044**

Income	Associates**	Parent company KBC Bank NV	KBC Group (without KBC Bank NV)*	01.01.2012 -30.09.2012
Interest income	0	42 094	737	42 831
Fee and commission income	8 811	156	49 106	58 073
Net trading income	19	288 757	-31 770	257 006
Other operating income	11	0	2 646	2 657
Total income	**8 841**	**331 007**	**20 719**	**360 567**

** including WARTA Group by the date of the sale of its shares by KBC Group*
*** figures by the date of the sale of the shares of an associate KBC TFI S.A.*

Expenses	Associates***	Parent company KBC Bank NV	KBC Group (without KBC Bank NV)*	01.01.2012 -30.09.2012
Interest expense	1 024	145 319	16 351	162 694
Commission expense	0	523	11 981	12 504
General and administrative expenses as well as other operating expenses**	2	2 206	19 442	21 650
Total expenses	**1 026**	**148 048**	**47 774**	**196 848**

** including WARTA Group by the date of the sale of its shares by KBC Group*
*** in 2012, general and administrative expenses as well as other operating expenses were presented in gross terms (including VAT)*
**** figures by the date of the sale of the shares of an associate KBC TFI S.A.*

As at 31.12.2011

Assets	Associates	Parent company KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.12.2011
Loans and advances to banks	0	75 221	2 462	77 683
Derivatives	0	201 285	10 671	211 956
Loans and advances to customers	0	0	0	0
Other assets	1 716	58	13 798	15 572
Total assets	**1 716**	**276 564**	**26 931**	**305 211**

** including WARTA Group*

Liabilities	Associates	Parent company KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.12.2011
Amounts due to banks	0	8 211 846	210 427	8 422 273
Derivatives	0	133 392	8 697	142 089
Amounts due to customers	40 385	2 385	839 267	882 037
Other liabilities	0	3 338	12 503	15 841
Subordinated liabilities	0	1 036 510	0	1 036 510
Total liabilities	**40 385**	**9 387 471**	**1 070 894**	**10 498 750**

** including WARTA Group*

As at 30.09.2011

Assets	Associates	Parent company KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 30.09.2011
Loans and advances to banks	0	7 479	6 282	13 761
Derivatives	0	316 005	22 673	338 678
Loans and advances to customers	206	0	23 872	24 078
Other assets	1 900	1 077	13 112	16 089
Total assets	**2 106**	**324 561**	**65 939**	**392 606**

** including WARTA Group*

Liabilities	Associates	Parent company KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 30.09.2011
Amounts due to banks	0	8 994 301	2 212 322	11 206 623
Derivatives	0	129 346	11 942	141 288
Amounts due to customers	35 219	2 841	1 435 247	1 473 307
Other liabilities	0	2 069	7 241	9 310
Subordinated liabilities	0	1 031 965	0	1 031 965
Total liabilities	**35 219**	**10 160 522**	**3 666 752**	**13 862 493**

** including WARTA Group*

Income	Associates	Parent company KBC Bank NV	KBC Group (without KBC Bank NV)*	01.01.2011 -30.09.2011
Interest income	0	10 774	1 292	12 066
Fee and commission income	12 985	186	40 988	54 159
Net trading income	8	3 422	18 146	21 576
Other operating income	19	7	5 652	5 678
Total income	**13 012**	**14 389**	**66 078**	**93 479**

** including WARTA Group*

Expenses	Associates	Parent company KBC Bank NV	KBC Group (without KBC Bank NV)*	01.01.2011 -30.09.2011
Interest expense	930	77 090	80 907	158 927
Commission expense	0	322	22 158	22 480
General and administrative expenses as well as other operating expenses	0	2 038	26 515	28 553
Total expenses	**930**	**79 450**	**129 580**	**209 960**

** including WARTA Group*

17. Information on guarantees or loan sureties issued by the Issuer or its subsidiary

As at 30.09.2012, the Bank issued guarantees with the total value of at least 10% of the Bank's equity to one company. The guarantees were issued for the total amount of PLN 496,386 thousand.

As at 30.09.2011, the Bank issued guarantees with the total value of at least 10% of the Bank's equity to one company. The guarantees were issued for the total amount of PLN 493,086 thousand.

The above guarantees were granted on market terms. The Bank's remuneration for the issuance of the guarantees was also determined on market terms.

18. Seasonality or cyclical nature of operations

The operations of the Group's companies are not of seasonal nature.

19. Non-typical factors and events

In the third quarter of 2012 and in the third quarter of 2011, there were no untypical events (not resulting from operating activities) that would affect the structure of balance sheet items and the financial result to a large extent, and which were not presented in these financial statements.

20. Other information, which, in the Issuer's opinion, is material for the assessment of its staff, assets, financial situation, financial results and their changes and information material for the assessment of the potential satisfaction of the Issuer's commitments

- Pursuant to the Resolution of the Management Board of the Warsaw Stock Exchange (WSE) of 24.08.2012 and the Resolutions of the Management Board of the National Depository for Securities of 31.08.2012, 425 ordinary bearer shares created as a result of the conversion of 425 F series registered shares of Kredyt Bank S.A. marked with PLKRDTB00029 code were assimilated with 271,593,016 ordinary bearer shares marked with PLKRDTB00011 code. The shares subject to the assimilation were marked with PLKRDTB00011 code.

  The said shares were introduced by the Warsaw Stock Exchange, in an ordinary manner, to the stock exchange trading on the primary market on 31.08.2012.

  On 31.08.2012:

  1) 9,734 shares were marked with PLKRDTB00029 code;
  2) 271,593,441 shares were marked with PLKRDTB00011 code.

- On 31.07.2012, the Bank received the information that KBC Bank NV had finalized the sale of 100% of the shares of Żagiel S.A. to Santander Consumer Finanse S.A. for the price of PLN 10 million. The agreement concluded on 16.12.2009 between Kredyt Bank S.A. and KBC Bank NV provided that the risk of Kredyt Bank would be limited to 10% of the sale price, i.e. PLN 35 million, if KBC sold the shares of Żagiel to an outside entity for the price lower than PLN 350,000 thousand.

  On 31.07.2012, Kredyt Bank S.A. received a call for the payment of PLN 35 million to KBC Bank NV resulting from the agreement concluded on 16.12.2009. Due to the establishment in December 2011 of a provision for the said obligation, its satisfaction did not affect the income statement of Kredyt Bank S.A. Capital Group in 2012.

  Further information about the said issue is available in the current report dated 31.07.2012.

- On 30.07.2012, the Extraordinary General Meeting of Shareholders of Kredyt Bank S.A. adopted a resolution concerning the merger with BZ WBK S.A.

  Further information about the said issue is available in the current report dated 30.07.2012.

- On 23.07.2012, the Management Board of Reliz Sp. z o.o. (a wholly-owned subsidiary of Kredyt Bank S.A.) submitted to the XI Commercial Insolvency and Arrangement Division of the District Court for

Poznań − Old Town, a bankruptcy petition concerning the bankruptcy of Reliz Sp. z o.o. by liquidation of its assets. On 14.08.2012, the court issued the decision concerning the declaration of bankruptcy involving the liquidation of the assets of Reliz Sp. z o.o.

Due to the declaration by Reliz Sp. z o.o. of bankruptcy by liquidation of its assets and the take-over of the company's management by the trustee in bankruptcy, pursuant to the definition stated in IAS 27, the Bank lost control of Reliz Sp. z o.o. As a result, as at 30.09.2012, Reliz Sp. z o.o. was not consolidated.

- On 18.07.2012, the European Commission decided not to object to the acquisition of the control over Kredyt Bank S.A. by Banco Santander S.A., and accordingly also by Bank Zachodni WBK S.A., and declared that the planned acquisition of the control was compatible with the common market and with the Agreement on the European Economic Area.
- On 27.02.2012, KBC Bank NV and Banco Santander S.A. signed an investment agreement in which the parties expressed their intention to merge Kredyt Bank S.A. and Bank Zachodni WBK S.A. ('BZ WBK S.A.'). On the same day, Kredyt Bank S.A., BZ WBK S.A., KBC Bank NV and Banco Santander S.A. signed an agreement on starting work to merge Kredyt Bank S.A. and BZ WBK S.A.

The Merger Plan agreed on and signed by Kredyt Bank S.A. and BZ WBK S.A. on 11.05.2012 provides that the merger will be carried out pursuant to Article 492 § 1 item 1 of the Code of Commercial Companies through the transfer of all the assets and liabilities of Kredyt Bank S.A., being the target entity, to BZ WBK S.A., being the acquiring entity, with the simultaneous increase in the share capital of BZ WBK S.A. through the issue of up to 18,907,458 J series ordinary bearer shares in Bank Zachodni WBK S.A. with the nominal value of PLN 10.00 each, which will be allocated by BZ WBK S.A. to all existing shareholders of Kredyt Bank S.A. As a result of the merger, these shareholders will become the shareholders of BZ WBK S.A. on the date of the merger, i.e. on the date of the registration of the merger in the register relevant to the registered seat of Bank Zachodni WBK S.A.

The parties agreed that the exchange ratio of the shares of Kredyt Bank S.A. into the shares of Bank Zachodni WBK S.A. will be as follows: for 100 shares of Kredyt Bank, the shareholders of Kredyt Bank S.A. will be granted 6.96 Merger Issue Shares, i.e. for one share of Kredyt Bank S.A., 0.0696 shares of Bank Zachodni WBK S.A. will be allocated.

The merger may be completed only when the following conditions are met (some of them have been already satisfied):

- obtaining the permit of the Polish Financial Supervision Authority to the merger;
- obtaining the permit of the Polish Financial Supervision Authority to the amendments to the statutes of BZ WBK S.A.;
- issuing by the European Commission of a decision declaring that the concentration of Kredyt Bank S.A. and Bank Zachodni WBK S.A. is in line with the common market;
- confirming by the Polish Financial Supervision Authority that both the form and content of BZ WBK S.A.'s information memorandum are equivalent to the information required to be included in a prospectus;
- non-opposition of the Polish Financial Supervision Authority to the acquisition by KBC Asset Management NV of the shares of KBC TFI S.A.;
- adopting by the Bank's General Meeting of Shareholders a resolution concerning the merger with BZ WBK S.A.;
- adopting by the General Meeting of Shareholders of BZ WBK S.A. a resolution concerning the merger with Kredyt Bank S.A.

In addition, if Article 25 clause 1 of the Banking Law applies, the exceeding by KBC Bank of the 10% limit of the votes at the General Meeting of Shareholders of BZ WBK will depend on the issue by the Polish Financial Supervision Authority of a decision confirming the absence of grounds for an objection to the exceeding by KBC Bank of the 10% limit of the votes at the General Meeting of Shareholders of BZ WBK or the lapse of the statutory deadline for the delivery of the decision containing such an objection.

The Opinion of a certified auditor (KPMG Audyt Sp. z o.o.) issued on 20.06.2012 from the audit of the Merger Plan for BZ WBK S.A. and Kredyt Bank S.A. claims, among other things, that:

- the Merger Plan of BZ WBK S.A. with Kredyt Bank S.A. was prepared, in all material aspects, in an accurate and proper manner;
- the share exchange ratio was properly determined in all material aspects;
- the methods applied to determine the ratio of the exchange of the shares of Kredyt Bank S.A. for the shares of Bank Zachodni WBK S.A., as proposed in the Merger Plan, are justified;
- no special difficulties were identified as regards the valuation of the shares in the merging Banks.

The Polish Financial Supervision Authority, at the meeting held on 19.06.2012, found no reason to object to the planned, direct acquisition of the shares of KBC Towarzystwo Funduszy Inwestycyjnych S.A. by KBC Asset Management NV in the number resulting in exceeding the 50% limit of votes at the General Meeting of Shareholders.

On 28.06.2012, the Management Board of Kredyt Bank S.A., acting pursuant to Article 504 § 1 and 2 of the Code of Commercial Companies, in relation to Article 402[1] of the Code of Commercial Companies, issued the first notice concerning the merger of Bank Zachodni WBK S.A. with Kredyt Bank S.A. At the same time, the Management Board of Kredyt Bank S.A. convened the Extraordinary General Meeting of Shareholders to adopt the resolution on the merger of Kredyt Bank S.A. with Bank Zachodni WBK S.A.

The second notice about the planned merger was issued on 16.07.2012.

On 18.07.2012, the European Commission decided not to object to the acquisition of the control over Kredyt Bank S.A. by Banco Santander S.A., and accordingly also by Bank Zachodni WBK S.A., and declared that the planned acquisition of the control was compatible with the common market and with the Agreement on the European Economic Area.

On 30.07.2012, the Extraordinary General Meeting of Shareholders of Kredyt Bank S.A. adopted a resolution concerning the merger with BZ WBK S.A.

The justification, the description of strategic reasons and economic benefits related to the merger of Bank Zachodni WBK S.A. and Kredyt Bank S.A. are available in the Management Board’s Report published along with the Merger Plan in the current report dated 11.05.2012.

There is no other information related to the third quarter of 2012 which would be material for the assessment of the Issuer’s staff, assets, financial situation, financial results and their changes and information material for the assessment of the potential satisfaction of the Issuer’s commitments.

21. The Management Board’s position on the possible realization of previously published forecasts of financial results

The Bank’s Management Board does not publish any financial forecasts.

22. Factors that may affect the Group’s future financial results

The most significant factors that may affect the Group’s future financial results and the fair value of assets and liabilities are as follows:

- The potential deterioration in the business conditions in the world and the resulting lower growth rate for the Polish economy, which will be reflected in the condition of Polish enterprises and, as a result, may lead to the lower quality of the loans portfolio.
- Significant volatility of the prices of natural raw materials which may have a negative impact upon the economic and financial situation of a part of entrepreneurs.
- Decreasing expenditure of the public sector resulting in the reduced portfolio of orders of a part of entrepreneurs.

- Worsening prospects for the building industry which have an adverse impact upon the economic and financial situations of a part of entrepreneurs who are contractors and subcontractors as regards construction works, which may result in lower quality of the loans portfolio.
- A decrease in the prices of real estates resulting in a reduced coverage of the loans portfolio with collateral and which may have a negative impact upon the process of putting to business use the financed real estates intended for rental and sale.
- Changes in market interest rates affecting the creditworthiness of customers and, hence, the quality of the individual customers' loans portfolio.
- The impact of the implementation of new recommendations/regulations of the Polish Financial Supervision Authority upon the growth rate of the portfolio of mortgage loans and its profitability.
- The implementation, by virtue of the draft amendment to the Bank Guarantee Fund Act, of the obligatory 'prudential fee' and the elimination of the possibility of charging the annual fee paid to the Bank Guarantee Fund to deductible expenses.
- Currency risk — substantial depreciation of PLN due to the greater risk aversion on financial markets, which may result in further deterioration in the quality of the mortgage loans portfolio, and the deterioration in the Bank's liquidity position due to the financing of currency assets partially with swaps.
- Persisting high costs of long-term liquidity, both in PLN and in foreign currencies.
- Greater risk aversion caused by the concerns about the insolvency of certain European countries, resulting in increased borrowing costs and lower prices of Polish government bonds.

II. Interim Condensed Standalone Financial Statements of Kredyt Bank S.A.

1. Income Statement

in PLN '000'	**3rd quarter of 2012** **01.07.2012 - 30.09.2012**	**Three quarters of 2012** **01.01.2012 - 30.09.2012**	**3rd quarter of 2011** **01.07.2011 - 30.09.2011**	**Three quarters of 2011** **01.01.2011 - 30.09.2011**
Interest income	593 957	1 748 966	605 154	1 754 431
Interest expense	-394 668	-1 162 256	-311 583	-893 190
Net interest income	**199 289**	**586 710**	**293 571**	**861 241**
Fee and commission income	101 543	309 238	98 674	305 437
Fee and commission expense	-19 045	-58 227	-19 911	-65 581
Net fee and commission income	**82 498**	**251 011**	**78 763**	**239 856**
Dividend income	36	3 723	67	4 020
Net trading income	91 295	210 638	-6 895	24 186
Net result on derivatives used as hedging instruments and hedged items	-377	390	-739	-1 170
Net gains from investment activities	30 752	30 660	-19	386
Other operating income	12 656	42 458	23 227	67 659
Total operating income	**416 149**	**1 125 590**	**387 975**	**1 196 178**
General and administrative expenses	-219 907	-697 809	-252 901	-717 706
Other operating expenses	-7 458	-22 575	-11 116	-39 414
Total operating expenses	**-227 365**	**-720 384**	**-264 017**	**-757 120**
Net impairment losses on financial assets, other assets and provisions	-52 745	-112 276	-49 384	-80 960
Profit before tax	**136 039**	**292 930**	**74 574**	**358 098**
Income tax expense	-31 799	-87 924	-17 099	-88 456
Net profit	**104 240**	**205 006**	**57 475**	**269 642**

2. Statement of Comprehensive Income

in PLN ‘000’	3rd quarter of 2012 01.07.2012 - 30.09.2012	Three quarters of 2012 01.01.2012 - 30.09.2012	3rd quarter of 2011 01.07.2011 - 30.09.2011	Three quarters of 2011 01.01.2011 - 30.09.2011
Net profit (loss) for the period	**104 240**	**205 006**	**57 475**	**269 642**
Other comprehensive income				
Valuation of financial assets available-for-sale	21 111	79 495	1 131	11 702
- including deferred tax	-4 952	-18 647	-266	-2 745
Effects of valuation of derivatives designated for cash flow hedge	28 955	31 142	14 982	10 711
- including deferred tax	-6 791	-7 304	-3 514	-2 513
Other comprehensive income (loss) recognized directly in equity	**50 066**	**110 637**	**16 113**	**22 413**
Total comprehensive income (loss)	**154 306**	**315 643**	**73 588**	**292 055**

3. Balance Sheet

in PLN '000'	**30.09.2012**	**31.12.2011**	**30.09.2011**
Assets			
Cash and balances with Central Bank	769 818	784 626	2 385 981
Gross loans and advances to banks	1 220 881	1 188 012	1 190 499
Impairment losses on loans and advances to banks	0	0	0
Receivables arising from repurchase transactions	400 403	0	292 903
Financial assets designated upon initial recognition as at fair value through profit or loss	42 639	79 944	79 528
Financial assets held for trading (excluding derivatives)	114 386	60 493	769 474
Derivatives, including:	818 245	1 071 089	1 161 220
- derivatives used as hedging instruments	100 145	95 592	96 613
Gross loans and advances to customers	29 774 566	30 209 994	29 931 859
Impairment losses on loans and advances to customers	-1 324 400	-1 369 625	-1 286 055
Investment securities:	10 693 207	8 676 019	9 325 274
- available-for-sale	7 539 225	5 259 345	5 901 835
- held-to-maturity	3 153 982	3 416 674	3 423 439
Investments in subsidiaries and jointly controlled entities	64 526	64 626	64 626
Property, plant and equipment	228 623	261 609	251 624
Intangible assets	84 865	60 472	57 366
Deferred tax assets	147 584	242 881	246 401
Current tax receivable	14 760	116 870	77 946
Investment properties	16 566	17 536	17 586
Non-current assets held for sale	2 819	2 047	2 080
Other assets	83 390	84 787	109 410
Total assets	**43 152 878**	**41 551 380**	**44 677 722**

in PLN '000'	**30.09.2012**	**31.12.2011**	**30.09.2011**
Liabilities			
Amounts due to Central Bank	12	32	2
Amounts due to banks	5 331 936	8 060 178	11 332 092
Liabilities arising from repurchase transactions	2 208 434	0	1 775 215
Financial liabilities held for trading (excluding derivatives)	200 289	0	0
Derivatives, including:	923 521	982 916	901 402
- derivatives used as hedging instruments	0	1 669	2 827
Amounts due to customers	29 841 008	28 094 775	26 300 310
Provisions	64 131	91 126	53 533
Other liabilities	255 025	248 125	274 419
Subordinated liabilities	975 161	1 036 510	1 031 965
Total liabilities	**39 799 517**	**38 513 662**	**41 668 938**

in PLN '000'	**30.09.2012**	**31.12.2011**	**30.09.2011**
Equity			
Share capital	1 358 294	1 358 294	1 358 294
Supplementary capital	1 128 181	898 072	898 072
Revaluation reserve	180 729	70 092	81 834
Other reserves	481 151	400 942	400 942
Retained earnings (losses)	0	0	0
Current net profit (loss)	205 006	310 318	269 642
Total equity	**3 353 361**	**3 037 718**	**3 008 784**
Total equity and liabilities	**43 152 878**	**41 551 380**	**44 677 722**

Capital adequacy ratio (%)	13.30	12.72	12.34
Number of shares	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	12.34	11.18	11.08

4. Statement of Changes in Equity

Changes in the period 01.01.2012 – 30.09.2012

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings (losses)	Net profit (loss) for the period	Total equity
Equity at opening balance – as of 01.01.2012	**1 358 294**	**898 072**	**70 092**	**400 942**	**310 318**	**0**	**3 037 718**
Valuation of financial assets available-for-sale			98 142				98 142
Effects of valuation of derivatives designated for cash flow hedge			38 446				38 446
Deferred tax on items recognized in other comprehensive income			-25 951				-25 951
Other comprehensive income (loss) recognized directly in equity			**110 637**				**110 637**
Net profit (loss) for the period						205 006	205 006
Total comprehensive income (loss)			**110 637**			**205 006**	**315 643**
Profit distribution		230 109		80 209	-310 318		0
Equity at the end of the period – as of 30.09.2012	**1 358 294**	**1 128 181**	**180 729**	**481 151**	**0**	**205 006**	**3 353 361**

Changes in the period 01.01.2011 – 31.12.2011

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings (losses)	Net profit (loss) for the period	Total equity
Equity at opening balance – as of 01.01.2011	**1 358 294**	**887 347**	**59 421**	**400 942**	**111 239**	**0**	**2 817 243**
Valuation of financial assets available-for-sale			2 576				2 576
Effects of valuation of derivatives designated for cash flow hedge			10 598				10 598
Deferred tax on items recognized in other comprehensive income			-2 503				-2 503
Other comprehensive income (loss) recognized directly in equity			**10 671**				**10 671**
Net profit (loss) for the period						310 318	310 318
Total comprehensive income (loss)			**10 671**			**310 318**	**320 989**
Profit distribution		10 725			-10 725		0
Dividend payment					-100 514		-100 514
Equity at the end of the period – as of 31.12.2011	**1 358 294**	**898 072**	**70 092**	**400 942**	**0**	**310 318**	**3 037 718**

Changes in the period 01.01.2011 – 30.09.2011

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings (losses)	Net profit (loss) for the period	Total equity
Equity at opening balance – as of 01.01.2011	**1 358 294**	**887 347**	**59 421**	**400 942**	**111 239**	**0**	**2 817 243**
Valuation of financial assets available-for-sale			14 447				14 447
Effects of valuation of derivatives designated for cash flow hedge			13 224				13 224
Deferred tax on items recognized in other comprehensive income			-5 258				-5 258
Other comprehensive income (loss) recognized directly in equity			**22 413**				**22 413**
Net profit (loss) for the period						269 642	269 642
Total comprehensive income (loss)			**22 413**			**269 642**	**292 055**
Profit distribution		10 725			-10 725		0
Dividend payment					-100 514		-100 514
Equity at the end of the period – as of 30.09.2011	**1 358 294**	**898 072**	**81 834**	**400 942**	**0**	**269 642**	**3 008 784**

5. Cash Flow Statement

in PLN '000'	3rd quarter of 2012 01.07.2012 - 30.09.2012	Three quarters of 2012 01.01.2012 - 30.09.2012	3rd quarter of 2011 01.07.2011 - 30.09.2011	Three quarters of 2011 01.01.2011 - 30.09.2011
Cash flow from operating activities				
Net profit (loss)	**104 240**	**205 006**	**57 475**	**269 642**
Adjustments to net profit (loss) and net cash from operating activities, and net increase/decrease in assets and liabilities	**2 362 401**	**4 024 881**	**561 870**	**-37 322**
Current and deferred tax recognized in financial result	31 799	87 924	17 099	88 456
Non-realized profit (loss) from currency translation differences	-15 852	-25 360	19 772	80 151
Depreciation	15 563	49 007	20 727	63 729
Net increase/decrease in impairment	-56 494	-45 171	50 958	-593 730
Dividends	-36	-3 723	-67	-4 020
Interest	-113 431	-163 824	-90 028	-154 718
Net increase/decrease in provisions	-40 412	-26 995	1 186	-17 345
Profit (loss) on disposal of investments	-30 796	-36 104	-3 936	-6 561
Net increase/decrease in assets (excluding cash)	**1 508 489**	**442 871**	**-1 013 296**	**-1 177 616**
Net increase/decrease in gross loans and advances to banks	493	13 682	-24 262	-32 821
Net increase/decrease in receivables arising from repurchase transactions	811 154	-400 403	-292 903	-205 685
Net increase/decrease in financial assets designated upon initial recognition as at fair value through profit or loss	-748	37 305	13 906	19 321
Net increase/decrease in financial assets held for trading (excluding derivatives)	206 390	-67 802	1 607 736	835 568
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	-129 050	257 397	-751 507	-675 788
Net increase/decrease in gross loans and advances to customers	566 347	435 428	-1 541 748	-1 030 323
Net increase/decrease in current tax receivable	1 619	102 110	-29 193	-77 946
Net increase/decrease in other assets	52 284	65 154	4 675	-9 942
Net increase/decrease in liabilities	**1 063 571**	**3 746 256**	**1 559 455**	**1 684 332**
Net increase/decrease in amounts due to Central Bank	-3	-20	0	-4
Net increase/decrease in amounts due to banks	1 177 627	25 709	889 308	556 068
Net increase/decrease in liabilities arising from repurchase transactions	-94 242	2 208 434	368 622	1 546 522
Net increase/decrease in financial liabilities held for trading (excluding derivatives)	106 631	200 289	0	0
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	165 564	-57 726	246 167	-231 229
Net increase/decrease in amounts due to customers	-288 310	1 381 822	41 566	-94 517
Net increase/decrease in other liabilities	-4 546	-95 614	13 861	72 966
Paid/received income tax	850	83 362	-69	-165 474
Net cash flow from operating activities	**2 466 641**	**4 229 887**	**619 345**	**232 320**

in PLN '000'	3rd quarter of 2012 01.07.2012 - 30.09.2012	Three quarters of 2012 01.01.2012 - 30.09.2012	3rd quarter of 2011 01.07.2011 - 30.09.2011	Three quarters of 2011 01.01.2011 - 30.09.2011
Cash flow from investing activities				
Inflows	**21 254 701**	**57 334 654**	**18 792 846**	**70 297 208**
Disposal of property, plant and equipment, intangible assets and investment properties	32	1 663	242	1 233
Disposal of interests in equity investments	0	36	0	0
Disposal of investment securities	21 216 070	57 236 000	18 784 173	70 215 227
Dividends	36	3 723	67	4 020
Interest received	38 563	93 232	8 364	76 728
Outflows	**-23 072 241**	**-59 030 189**	**-17 240 616**	**-69 873 573**
Acquisition of property, plant and equipment, intangible assets and investment properties	-18 587	-67 272	-8 535	-34 478
Acquisition of investment securities	-23 053 654	-58 962 917	-17 232 081	-69 839 095
Net cash flow from investing activities	**-1 817 540**	**-1 695 535**	**1 552 230**	**423 635**
Cash flow from financing activities				
Inflows	**408 470**	**408 470**	**54 552**	**684 716**
Proceeds from loans and advances	408 470	408 470	54 552	684 716
Outflows	**-1 435 640**	**-2 911 078**	**-1 057 175**	**-1 206 832**
Dividend payment	0	0	0	-100 514
Repayment of loans and advances	-1 420 510	-2 852 308	-1 026 686	-1 026 821
Other financial outflows	-15 130	-58 770	-30 489	-79 497
Net cash flow from financing activities	**-1 027 170**	**-2 502 608**	**-1 002 623**	**-522 116**
Net increase/decrease in cash	**-378 069**	**31 744**	**1 168 952**	**133 839**
Cash at the beginning of the period	**1 351 278**	**941 465**	**1 366 265**	**2 401 378**
Cash at the end of the period, including:	**973 209**	**973 209**	**2 535 217**	**2 535 217**
Restricted cash*	1 121 667	1 121 667	1 062 751	1 062 751

** an amount from the declaration on the amount of the Bank's statutory provision, i.e. the minimum average balance of cash in the current account in the National Bank of Poland.*

6. Additional information to the interim condensed standalone financial statements

The accounting policies and methods of making accounting estimates adopted for the preparation of the Bank's interim condensed standalone financial statements comply with the accounting policies adopted for the preparation of the interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group that are described in item I.11, except for the valuation of associates which, in the Group's consolidated financial statements, are measured with the equity method.

Due to the change in the presentation of expenses incurred by the Bank within particular expense categories from net terms to gross terms (including VAT), the values in the items presented in the income statement for three quarters of 2011 and for the third quarter of 2011 have changed.

in PLN '000'	**Published data**	**Changes**	**Comparable data**
	Three quarters of 2011		**Three quarters of 2011**
General and administrative expenses	-724 521	+6 815	-717 706
Other operating expenses	-32 599	-6 815	-39 414
	3rd quarter of 2011		**3rd quarter of 2011**
General and administrative expenses	-254 925	+2 024	-252 901
Other operating expenses	-9 092	-2 024	-11 116

Other additional information material for the proper assessment of the assets, financial situation and the financial result of the Bank is published in section I. concerning the interim consolidated financial statements.

Signatures of all Management Board Members

date	08.11.2012	Maciej Bardan	President of the Management Board	....
date	08.11.2012	Piotr Sztrauch	Vice President of the Management Board	....

Signature of a person responsible for keeping the accounting books

date	08.11.2012	Grzegorz Kędzior	Director of Accounting and External Reporting Department	....