



**Interim Consolidated Financial Statements  
of Kredyt Bank S.A. Capital Group  
for the Third Quarter of 2009 prepared in accordance with  
the International Financial Reporting Standards**

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## 1. Consolidated Income Statement

	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009	3 <sup>rd</sup> quarter of 2008	Three quarters of 2008
<i>in PLN '000'</i>	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009	01.07.2008 - 30.09.2008	01.01.2008 - 30.09.2008
Interest income	557 244	1 742 736	607 518	1 649 235
Interest expense	-286 520	-955 875	-333 235	-881 644
<b>Net interest income</b>	<b>270 724</b>	<b>786 861</b>	<b>274 283</b>	<b>767 591</b>
Fee and commission income	113 286	318 156	102 541	286 821
Fee and commission expense	-31 241	-90 183	-26 463	-67 151
<b>Net fee and commission income</b>	<b>82 045</b>	<b>227 973</b>	<b>76 078</b>	<b>219 670</b>
Dividend income	32	1 629	401	1 049
Net trading income	42 009	127 624	78 156	179 923
Net result on derivatives used as hedging instruments and hedged items	470	557	3 323	449
Net gains from investment activities	-87	3 830	-52	182
Other operating income	31 779	91 439	28 612	69 421
<b>Total operating income</b>	<b>426 972</b>	<b>1 239 913</b>	<b>460 801</b>	<b>1 238 285</b>
General and administrative expenses	-245 313	-763 359	-268 909	-804 738
Net impairment losses on financial assets, other assets and provisions	-156 370	-429 701	-37 026	-70 076
Other operating expenses	-10 072	-30 357	-9 433	-29 553
<b>Total operating expenses</b>	<b>-411 755</b>	<b>-1 223 417</b>	<b>-315 368</b>	<b>-904 367</b>
<b>Net operating income</b>	<b>15 217</b>	<b>16 496</b>	<b>145 433</b>	<b>333 918</b>
Share in profit (loss) of associates	808	1 505	21	-891
<b>Gross profit</b>	<b>16 025</b>	<b>18 001</b>	<b>145 454</b>	<b>333 027</b>
Income tax expense	-5 656	-3 579	-29 973	-72 738
<b>Net profit from business activities</b>	<b>10 369</b>	<b>14 422</b>	<b>115 481</b>	<b>260 289</b>
Net profit from discontinued operations	0	0	0	0
<b>Net profit</b>	<b>10 369</b>	<b>14 422</b>	<b>115 481</b>	<b>260 289</b>
Including:				
<b>attributable to the Shareholders of the Bank</b>	<b>10 369</b>	<b>14 422</b>	<b>115 481</b>	<b>260 289</b>
Weighted average number of ordinary shares	271 658 880	271 658 880	271 658 880	271 658 880
Earnings per ordinary share (in PLN)	0.04	0.05	0.43	0.96

## 2. Consolidated Statement of Comprehensive Income

	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009	3 <sup>rd</sup> quarter of 2008	Three quarters of 2008
<i>in PLN '000'</i>	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009	01.07.2008 - 30.09.2008	01.01.2008 - 30.09.2008
<b>Net profit/loss for the period</b>	<b>10 369</b>	<b>14 422</b>	<b>115 481</b>	<b>260 289</b>
Valuation of financial assets available-for-sale (including deferred tax)	24 024	-10 583	63 145	12 319
Effects of valuation of derivatives designated for future cash flow hedge (including deferred tax)	2 391	-70 676	67 226	23 919
<b>Other comprehensive income recognized directly in equity</b>	<b>26 415</b>	<b>-81 259</b>	<b>130 371</b>	<b>36 238</b>
<b>Total comprehensive income for the period</b>	<b>36 784</b>	<b>-66 837</b>	<b>245 852</b>	<b>296 527</b>
<b>Including:</b>				
<b>attributable to the Shareholders of the Bank</b>	<b>36 784</b>	<b>-66 837</b>	<b>245 852</b>	<b>296 527</b>

### 3. Consolidated Balance Sheet

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
<b>Assets</b>				
Cash and balances with Central Bank	894 261	1 757 667	827 972	941 261
Gross loans and advances to banks	222 506	499 400	340 865	851 227
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 261	-2 260
Receivables arising from repurchase transactions	10 076	7 001	0	0
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 663 617	2 526 425	1 317 764	1 757 436
Derivatives including:	739 419	1 125 105	2 302 799	939 444
- derivatives used as hedging instruments	57 538	66 014	166 954	42 051
Gross loans and advances to customers	27 802 979	28 979 908	27 660 647	22 885 496
Impairment losses on loans and advances to customers	-1 229 719	-1 094 673	-927 331	-863 131
Investment securities:	7 647 640	6 243 829	6 238 011	5 874 280
- available-for-sale	5 493 769	4 338 473	4 365 127	4 093 806
- held-to-maturity	2 153 871	1 905 356	1 872 884	1 780 474
Investments in associates valued using the equity method	11 636	10 827	10 131	11 283
Property, plant and equipment	393 802	395 145	421 866	401 151
Intangible assets	57 278	58 778	60 924	59 096
Goodwill on subordinated companies	36 052	36 052	36 052	36 052
Deferred tax asset	187 085	209 289	98 000	115 627
Current tax receivable	0	0	0	0
Investment properties	202 565	204 864	209 867	212 394
Other assets	118 183	144 583	135 370	148 493
<b>Total assets</b>	<b>38 755 120</b>	<b>41 101 940</b>	<b>38 730 676</b>	<b>33 367 849</b>

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
<b>Liabilities</b>				
Amounts due to Central Bank	1 568 301	2 660 640	1 113 275	1 611
Amounts due to banks	10 871 655	11 340 518	12 125 013	8 486 974
Derivatives including:	695 271	1 036 593	1 890 221	658 136
- derivatives used as hedging instruments	482	2 368	1 708	10 903
Amounts due to customers	21 984 555	22 370 493	20 275 366	20 206 892
Liabilities arising from repurchase transactions	0	0	8 991	979 643
Current tax liability	20 314	49 600	52 303	23 009
Provisions	59 334	69 978	59 474	121 766
Deferred tax liability	1 485	1 290	855	1 092
Other liabilities	160 762	180 251	280 022	241 552
Subordinated liabilities	814 034	849 952	279 643	215 606
<b>Total liabilities</b>	<b>36 175 711</b>	<b>38 559 315</b>	<b>36 085 163</b>	<b>30 936 281</b>

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
<b>Equity</b>				
Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Supplementary capital	806 038	806 038	604 966	604 966
Revaluation reserve	16 679	-9 736	97 938	-51 379
Reserves	340 942	340 942	240 942	240 942
Currency translation differences from the translation of subordinated companies	0	0	-733	-733
Retained earnings/loss	43 034	43 034	19 189	19 189
Current net profit (loss) attributable to the Shareholders of the Bank	14 422	4 053	324 917	260 289
<b>Total equity attributable to shareholders of the Bank</b>	<b>2 579 409</b>	<b>2 542 625</b>	<b>2 645 513</b>	<b>2 431 568</b>
Minority interest	0	0	0	0
<b>Total equity</b>	<b>2 579 409</b>	<b>2 542 625</b>	<b>2 645 513</b>	<b>2 431 568</b>
<b>Total equity and liabilities</b>	<b>38 755 120</b>	<b>41 101 940</b>	<b>38 730 676</b>	<b>33 367 849</b>

Capital adequacy ratio (%)	11.36	10.78	8.81	9.36
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	9.50	9.36	9.74	8.95

**4. Off-balance Sheet Items**

<b><i>in PLN '000'</i></b>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
<b>Liabilities granted and received</b>				
Liabilities granted, including:	5 771 440	5 912 250	7 219 430	6 643 412
- financial	3 950 748	4 028 037	5 389 649	5 057 384
- guarantees	1 820 692	1 884 213	1 829 781	1 586 028
Liabilities received, including:	2 329 511	1 404 798	1 829 299	1 688 862
- financial	930 422	7 512	521 748	516 360
- guarantees	1 399 089	1 397 286	1 307 551	1 172 502
<b>Liabilities related to the sale/purchase transactions</b>	<b>109 208 879</b>	<b>146 723 571</b>	<b>279 092 521</b>	<b>311 095 732</b>
<b>Other</b>	<b>6 918 031</b>	<b>6 617 422</b>	<b>5 289 553</b>	<b>4 649 164</b>
- collateral received	6 916 487	6 615 878	5 288 009	4 647 620
- other	1 544	1 544	1 544	1 544

## 5. Statement of Changes in Consolidated Equity

Changes in the period 01.01.2009 – 30.09.2009

	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings/loss	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Minority interest	Total equity
<i>in PLN '000'</i>										
<b>Equity at opening balance – as of 01.01.2009</b>	<b>1 358 294</b>	<b>604 966</b>	<b>97 938</b>	<b>240 942</b>	<b>-733</b>	<b>344 106</b>	<b>0</b>	<b>2 645 513</b>	<b>0</b>	<b>2 645 513</b>
Valuation of financial assets available-for-sale			-13 065					-13 065		-13 065
Effects of valuation of derivatives designated for cash flow hedge			-87 254					-87 254		-87 254
Deferred tax on items recognized in equity			19 060					19 060		19 060
<b>Net profit/loss recognized directly in the equity</b>			<b>-81 259</b>					<b>-81 259</b>		<b>-81 259</b>
Net profit/loss for the period							14 422	14 422		14 422
<b>Total of recognized income and expenses</b>			<b>-81 259</b>				<b>14 422</b>	<b>-66 837</b>		<b>-66 837</b>
Other changes					733			733		733
Profit allowance		201 072		100 000		-301 072				0
<b>Equity at end of period – as of 30.09.2009</b>	<b>1 358 294</b>	<b>806 038</b>	<b>16 679</b>	<b>340 942</b>	<b>0</b>	<b>43 034</b>	<b>14 422</b>	<b>2 579 409</b>	<b>0</b>	<b>2 579 409</b>



## Changes in the period 01.01.2008 – 31.12.2008

	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings/loss	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Minority interest	Total equity
<i>in PLN '000'</i>										
<b>Equity at opening balance – as of 01.01.2008</b>	<b>1 358 294</b>	<b>383 711</b>	<b>-87 617</b>	<b>180 942</b>	<b>-733</b>	<b>441 707</b>	<b>0</b>	<b>2 276 304</b>	<b>0</b>	<b>2 276 304</b>
Valuation of financial assets available-for-sale			80 069					80 069		80 069
Effects of valuation of derivatives designated for cash flow hedge			149 012					149 012		149 012
Deferred tax on items recognized in equity			-43 526					-43 526		-43 526
<b>Net profit/loss recognized directly in the equity</b>			<b>185 555</b>					<b>185 555</b>		<b>185 555</b>
Net profit/loss for the period							324 917	324 917		324 917
<b>Total of recognized income and expenses</b>			<b>185 555</b>				<b>324 917</b>	<b>510 472</b>		<b>510 472</b>
Profit allowance		221 255		60 000		-281 255		0		0
Dividends						-141 263		-141 263		-141 263
<b>Equity at end of period – as of 31.12.2008</b>	<b>1 358 294</b>	<b>604 966</b>	<b>97 938</b>	<b>240 942</b>	<b>-733</b>	<b>19 189</b>	<b>324 917</b>	<b>2 645 513</b>	<b>0</b>	<b>2 645 513</b>

## Changes in the period 01.01.2008 – 30.09.2008

	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings/loss	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Minority interest	Total equity
<i>in PLN '000'</i>										
<b>Equity at opening balance – as of 01.01.2008</b>	<b>1 358 294</b>	<b>383 711</b>	<b>-87 617</b>	<b>180 942</b>	<b>-733</b>	<b>441 707</b>	<b>0</b>	<b>2 276 304</b>	<b>0</b>	<b>2 276 304</b>
Valuation of financial assets available-for-sale			15 208					15 208		15 208
Effects of valuation of derivatives designated for cash flow hedge			29 530					29 530		29 530
Deferred tax on items recognized in equity			-8 500					-8 500		-8 500
<b>Net profit/loss recognized directly in the equity</b>			<b>36 238</b>					<b>36 238</b>		<b>36 238</b>
Net profit/loss for the period							260 289	260 289		260 289
<b>Total of recognized income and expenses</b>			<b>36 238</b>				<b>260 289</b>	<b>296 527</b>		<b>296 527</b>
Profit allowance		221 255		60 000		-281 255		0		0
Dividends						-141 263		-141 263		-141 263
<b>Equity at end of period – as of 30.09.2008</b>	<b>1 358 294</b>	<b>604 966</b>	<b>-51 379</b>	<b>240 942</b>	<b>-733</b>	<b>19 189</b>	<b>260 289</b>	<b>2 431 568</b>	<b>0</b>	<b>2 431 568</b>

## 6. Consolidated Cash Flow Statement

	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009	3 <sup>rd</sup> quarter of 2008	Three quarters of 2008
<i>in PLN '000'</i>	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009	01.07.2008 - 30.09.2008	01.01.2008 - 30.09.2008
<b>Net cash flow from operating activities</b>				
<b>Net profit</b>	<b>10 369</b>	<b>14 422</b>	<b>115 481</b>	<b>260 289</b>
<b>Adjustments to net profit (loss) and net cash from operating activities:</b>	<b>136 189</b>	<b>484 175</b>	<b>-1 340 395</b>	<b>-2 642 272</b>
Current and deferred tax recognized in financial result	5 656	3 579	29 973	72 738
Non-realised profit (loss) from currency translation differences	33 497	9 453	-2 228	2 971
<b>Investing and financing activities</b>	<b>-43 082</b>	<b>129 409</b>	<b>-2 181</b>	<b>-4 759</b>
Depreciation	28 420	86 231	26 991	76 665
Share in profit (loss) of associates	-808	-1 505	-21	891
Net increase/decrease in impairment	133 760	298 190	27 949	28 920
Dividends	-32	-1 629	-401	-1 049
Interest	-150 198	-203 181	-54 285	-67 031
Net increase/decrease in provisions	-10 644	-140	-906	-39 268
Profit (loss) on disposal of investments	-43 580	-48 557	-1 508	-3 887
<b>Net increase/decrease in operating assets (excluding cash)</b>	<b>2 454 271</b>	<b>910 770</b>	<b>-3 302 870</b>	<b>-6 952 263</b>
Net increase/decrease in loans and advances to banks	23 754	35 144	250 884	228 548
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	1 232 262	1 103 190	-823 164	-1 729 577
Net increase/decrease in receivables arising from repurchase transactions	-3 075	-10 076	0	0
Net increase/decrease in gross loans and advances to customers	1 176 929	-142 332	-2 762 204	-5 429 312
Paid income tax	-19 747	-123 837	-9 303	-30 497
Net increase/decrease in other assets	44 148	48 681	40 917	8 575
<b>Net increase/decrease in operating liabilities</b>	<b>-2 314 153</b>	<b>-569 036</b>	<b>1 936 911</b>	<b>4 239 041</b>
Net increase/decrease in amounts due to Central Bank	-1 092 339	455 026	21	-1 100 050
Net increase/decrease in amounts due to banks	-477 139	-1 433 026	198 996	1 134 494
Net increase/decrease in derivatives	-339 436	-1 193 724	-82 418	217 041
Net increase/decrease in amounts due to customers	-385 938	1 709 189	868 127	3 118 254
Net increase/decrease in liabilities arising from repurchase transactions	0	-8 991	979 643	929 517
Net increase/decrease in other liabilities	-19 301	-97 510	-27 458	-60 215
<b>Net cash flow from operating activities</b>	<b>146 558</b>	<b>498 597</b>	<b>-1 224 914</b>	<b>-2 381 983</b>

	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009	3 <sup>rd</sup> quarter of 2008	Three quarters of 2008
<i>in PLN '000'</i>	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009	01.07.2008 - 30.09.2008	01.01.2008 - 30.09.2008
<b>Net cash flow from investing activities</b>				
<b>Inflows</b>	<b>2 061 861</b>	<b>5 086 827</b>	<b>49 283</b>	<b>581 625</b>
Disposal of property, plant and equipment, intangible assets and investment properties	1 929	3 941	2 960	4 242
Disposal of investment securities	1 976 391	4 851 049	5 982	422 753
Dividends	32	1 629	401	1 049
Interest received	83 509	230 208	39 940	153 581
<b>Outflows</b>	<b>-3 302 043</b>	<b>-6 227 968</b>	<b>-68 020</b>	<b>-851 551</b>
Acquisition of property, plant and equipment, intangible assets and investment properties	-30 056	-54 767	-24 744	-88 870
Acquisition of interests in subordinated companies	0	0	0	0
Acquisition of investment securities	-3 271 987	-6 173 201	-43 276	-762 681
<b>Net cash flow from investing activities</b>	<b>-1 240 182</b>	<b>-1 141 141</b>	<b>-18 737</b>	<b>-269 926</b>
<b>Cash flow from financing activities</b>				
<b>Inflows</b>	<b>10 000</b>	<b>1 969 087</b>	<b>1 124 505</b>	<b>2 249 783</b>
Proceeds from a subordinated loan	0	560 116	0	209 580
Proceeds from loans and advances	10 000	1 408 971	1 124 505	2 040 203
<b>Outflows</b>	<b>-32 920</b>	<b>-1 343 468</b>	<b>-188 776</b>	<b>-644 880</b>
Dividends	0	0	-141 263	-141 263
Repayment of subordinated liabilities	0	0	0	-375 045
Repayment of loans and advances	0	-1 200 000	0	0
Other financial outflows	-32 920	-143 468	-47 513	-128 572
<b>Net cash flow from financing activities</b>	<b>-22 920</b>	<b>625 619</b>	<b>935 729</b>	<b>1 604 903</b>
<b>Net increase/decrease in cash</b>	<b>-1 116 544</b>	<b>-16 925</b>	<b>-307 922</b>	<b>-1 047 006</b>
<b>Cash at the beginning of the period</b>	<b>2 060 872</b>	<b>961 253</b>	<b>1 950 830</b>	<b>2 689 914</b>
<b>Cash at the end of the period, including:</b>	<b>944 328</b>	<b>944 328</b>	<b>1 642 908</b>	<b>1 642 908</b>
Restricted cash	753 453	753 453	752 627	752 627

## **7. Basis of preparation**

Pursuant to Article 55 Clause 6a of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2002, No. 76, item 694 with further amendments) ('the Act'), effectively from 01.01.2005, 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 Commission.

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

The interim consolidated financial report for the third quarter of 2009 has been prepared in line with the IAS/IFRS as in force at the date of this report. Specifically, this report has been prepared in accordance with IAS 34 Interim Financial Reporting, and matters not governed by the IFRS must comply with the Act and the provisions of the Ordinance by the Minister of Finance dated 19 February 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).

## **8. The Group's financial standing at the end of the third quarter of 2009**

### **8.1. Income Statement**

#### ***Group's net result and result before tax***

In three quarters of 2009, the Group generated net profit amounting to PLN 14,422 thousand, while net profit generated in three quarters of 2008 amounted to PLN 260,289 thousand. The significant difference between the net profit generated in three quarters of 2009 as compared to the corresponding period of 2008 results mainly from high 'Net impairment losses on financial assets, other assets and provisions', whose negative balance as at 30.09.09 amounted to PLN 429,701 thousand, whereas, as at 30.09.08, the balance amounted to PLN 70,076 thousand, and also from lower net trading income. The balance of impairment losses higher by PLN 359,625 thousand and net trading income lower by PLN 52,299 thousand were partially set off with higher net interest income (PLN 19,270 thousand), lower general and administrative expenses (PLN 41,379 thousand) and higher net gains from other operating income/expenses (PLN 21,214 thousand).

Despite the persisting disadvantageous macroeconomic situation in the majority of categories of net operating income in three quarters of 2009 as compared to three quarters of 2008, an increase was recorded. The Group's net operating income in three quarters of 2009, as compared to three quarters of 2008, remained at the same level, while general and administrative expenses decreased by 5.1%.

The Group's net profit in the third quarter of 2009 amounted to PLN 10,369 thousand, while net profit generated in the third quarter of 2008 amounted to PLN 115,481 thousand. As in three quarters of 2009, lower profit before tax and, as a result, lower net profit in the third quarter of 2009 as compared to the third quarter of 2008, results chiefly from high 'Net impairment losses on financial assets, other assets and provisions', whose balance in the third quarter of 2009 amounted to PLN 156,370 thousand, whereas, in the third quarter of 2008, the balance amounted to PLN 37,026 thousand. The high balance of impairment losses in the third quarter of 2009 was partially set off by lower general and administrative expenses (by PLN 23,596 thousand). The Group's total net operating income in the third quarter of 2009, as compared to the third quarter of 2008, decreased by 7.6%, while general and administrative expenses decreased by 8.8%.

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

<i>in PLN '000'</i>	3 <sup>rd</sup> quarter of 2009	3 <sup>rd</sup> quarter of 2008	Change (%)	Three quarters of 2009	Three quarters of 2008	Change (%)
Net interest income	270 724	274 283	-1.3%	786 861	767 591	2.5%
Net fee and commission income	82 045	76 078	7.8%	227 973	219 670	3.8%
Net gains from trading and investment activities*	42 424	81 828	-48.2%	133 640	181 603	-26.4%
Net gains from other operating income/expenses	21 707	19 179	13.2%	61 082	39 868	53.2%
<b>Total</b>	<b>416 900</b>	<b>451 368</b>	<b>-7.6%</b>	<b>1 209 556</b>	<b>1 208 732</b>	<b>0.1%</b>
General and administrative expenses	-245 313	-268 909	-8.8%	-763 359	-804 738	-5.1%
Net impairment losses on financial assets, other assets and provisions	-156 370	-37 026	322.3%	-429 701	-70 076	513.2%
<b>Total</b>	<b>-401 683</b>	<b>-305 935</b>	<b>31.3%</b>	<b>-1 193 060</b>	<b>-874 814</b>	<b>36.4%</b>
Share in profit (loss) of associates	808	21	3 747.6%	1 505	-891	-
<b>Gross profit</b>	<b>16 025</b>	<b>145 454</b>	<b>-89.0%</b>	<b>18 001</b>	<b>333 027</b>	<b>-94.6%</b>
Income tax expense	-5 656	-29 973	-81.1%	-3 579	-72 738	-95.1%
<b>Net profit</b>	<b>10 369</b>	<b>115 481</b>	<b>-91.0%</b>	<b>14 422</b>	<b>260 289</b>	<b>-94.5%</b>

\* Including net result on derivatives used as hedging instruments and hedged items.

### **Net interest, fee and commission income**

Net interest income generated by the Group in three quarters of 2009 amounted to PLN 786,861 thousand, i.e. it was higher by 2.5% than the corresponding figure in three quarters of 2008. Higher volumes of the portfolio of customers' loans and of debt securities were the main reason for interest income in three quarters of 2009 higher by 5.7% as compared to three quarters of 2008. The increase in interest income was largely set-off by interest expense higher by 8.4%, especially higher interest expense on amounts due to customers.

Net interest income generated by the Group in the third quarter of 2009 amounted to PLN 270,724 thousand and was lower by 1.3% than the corresponding figure in the third quarter of 2008.

Net fee and commission income in three quarters of 2009 amounted to PLN 227,973 thousand and was higher by PLN 8,303 thousand (by 3.8%) than the net income generated in three quarters of 2008, mainly due to the higher, by PLN 9,532 thousand, net income related to credit cards and payment cards processing as well as ATMs maintenance, higher, by PLN 5,218 thousand, net income related to deposit transactions and higher, by PLN 3,786 thousand, commissions on granted guarantees, with a simultaneous decrease, by PLN 3,012 thousand, in income from the distribution and management of combined investment and insurance products and an increase in the cost of loan insurance by PLN 5,097 thousand.

Net fee and commission income in the third quarter of 2009 amounted to PLN 82,045 thousand and was higher, by PLN 5,967 thousand (by 7.8%), than the net income generated in the third quarter of 2008, mainly due to the increase in the net gains from deposit transactions with customers by

PLN 3,775 thousand and the increase in net income related to payment cards and credit cards processing as well as ATMs maintenance by PLN 3,077 thousand.

***Net gains from trading and investment activities***

In three quarters of 2009, net gains from trading and investment activities, including net result on derivatives used as hedging instruments and hedged items, amounted to PLN 133,640 thousand as compared to PLN 181,603 thousand recorded in three quarters of 2008. The net income for three quarters of 2009 includes valuation write-downs of active derivatives amounting to PLN 19,569 thousand that were not recorded in the previous year. In addition, the change in the parameterization of curves applied in the valuation of FX swaps adversely affected the result in the above-described area of activity. In addition, one should remember that the Bank, since April 2009, has ceased to grant mortgage loans denominated in foreign currencies, which also resulted in the decrease in net income from exchange operations included in this category.

In the third quarter of 2009, net gains from trading and investment activities, including net result on derivatives used as hedging instruments and hedged items, amounted to PLN 42,424 thousand as compared to PLN 81,828 thousand recorded in the third quarter of 2008. In the third quarter of 2009, net gains from trading and investment activities included the reversal of valuation write-downs of active derivative transactions amounting to the total of PLN 6,485 thousand. The decrease in net income from exchange operations as compared to the corresponding period in the previous year resulted both from the absence of lending activities concerning mortgage loans denominated in foreign currencies and the negative result on FX swaps.

***Net gains from other operating income/expenses***

Net gains from other operating activities for three quarters of 2009 amounted to PLN 61,082 thousand and were higher by PLN 21,214 thousand than the figure for three quarters of 2008. Rental income in Reliz is the main item which affects other operating income on a continuous basis. In three quarters of 2009, the income of Reliz (after consolidation exclusions) amounted to PLN 25,107 thousand and was higher by PLN 4,439 thousand as compared to three quarters of 2008 (the growth results to a large extent from currency translation differences). In three quarters of 2009, as compared to the corresponding period in the last year, the Group recorded also higher inflows related to the receivables previously written off the balance sheet (by PLN 18,376 thousand). In addition, higher reversal of provisions for various debtors of PLN 4,501 thousand had a positive impact upon the result.

Net gains from other operating activities in the third quarter of 2009 amounted to PLN 21,707 thousand and were higher by PLN 2,528 thousand than the figure in the third quarter of 2008. Main reasons for the increase in this category in the third quarter of 2009 have been described above.

**General and administrative expenses**

	3 <sup>rd</sup> quarter of 2009	3 <sup>rd</sup> quarter of 2008	Change (%)	Three quarters of 2009	Three quarters of 2008	Change (%)
<b>Staff costs</b>	<b>109 108</b>	<b>125 309</b>	<b>-12.9%</b>	<b>339 959</b>	<b>395 895</b>	<b>-14.1%</b>
<b>General expenses, including:</b>	<b>107 786</b>	<b>116 609</b>	<b>-7.6%</b>	<b>337 170</b>	<b>332 178</b>	<b>1.5%</b>
- costs of buildings maintenance and lease	37 580	32 553	15.4%	114 601	93 263	22.9%
- postal and telecommunications fees	13 789	15 440	-10.7%	45 417	44 977	1.0%
- IT costs	13 155	9 625	36.7%	37 488	26 458	41.7%
- promotion and advertising services	1 999	5 798	-65.5%	10 023	23 253	-56.9%
- advisory costs	2 876	2 754	4.4%	11 894	10 685	11.3%
- transportation services	5 462	4 983	9.6%	14 804	14 610	1.3%
- purchase of other materials	1 875	4 827	-61.2%	5 797	12 284	-52.8%
- taxes and fees	23 240	21 507	8.1%	73 754	65 802	12.1%
- other	7 810	19 122	-59.2%	23 392	40 846	-42.7%
<b>Depreciation</b>	<b>28 419</b>	<b>26 991</b>	<b>5.3%</b>	<b>86 230</b>	<b>76 665</b>	<b>12.5%</b>
<b>Total</b>	<b>245 313</b>	<b>268 909</b>	<b>-8.8%</b>	<b>763 359</b>	<b>804 738</b>	<b>-5.1%</b>

<b>Employment *</b>	<b>30.09.2009</b>	<b>30.09.2008</b>	<b>Change</b>	<b>Change (%)</b>
KB	5 032	5 490	-458	-8.3%
Żagiel	1 112	1 479	-367	-24.8%
Other	89	102	-13	-12.7%
<b>Total</b>	<b>6 233</b>	<b>7 071</b>	<b>-838</b>	<b>-11.9%</b>

\* Figures in FTEs.

The Group's general and administrative expenses in three quarters of 2009 amounted to PLN 763,359 thousand and, as compared to three quarters of 2008, decreased by 5.1%. The Group's general and administrative expenses in the third quarter of 2009 amounted to PLN 245,313 thousand and, as compared to the third quarter of 2008, decreased by 8.8%.

Staff costs decreased in three quarters of 2009 by PLN 55,936 thousand (14.1%) as compared to three quarters of 2008. In the third quarter of 2009, staff costs amounted to PLN 109,108 thousand, which means a decrease as compared to the third quarter of 2008 by PLN 16,201 thousand (12.9%). The decrease in staff costs in three quarters of 2009 as compared to the corresponding period in 2008 results mainly from lower provisions for bonuses and the decrease in the employment in the Group. At the end of September 2009, the employment in the Group decreased by 838 FTEs, as compared to the end of September 2008.

General expenses increased in three quarters of 2009 by PLN 4,992 thousand as compared to three quarters of 2008. The increase in general expenses resulted chiefly from the increase in:

- costs of buildings maintenance and lease (PLN 21,338 thousand), which resulted from the depreciation of the Polish zloty (the majority of rents are in EUR or USD);
- IT costs (PLN 11,030 thousand), which resulted from the increase in costs of the maintenance of IT infrastructure (PLN 3,525 thousand) and software (PLN 4,509 thousand), and also purchases charged directly to the costs of IT materials (PLN 2,720 thousand);



- costs of taxes and fees (PLN 7,952 thousand), which resulted from the increase in fees for the Bank Guarantee Fund (PLN 6,960 thousand) and for the Polish Financial Supervision Authority (PLN 1,841 thousand).

The increase in costs in the above categories in three quarters of 2009, as compared to the corresponding period in 2008 was mostly set-off by the decrease in:

- promotion and advertising services (PLN 13,230 thousand);
- costs of the purchase of other materials (PLN 6,487 thousand);
- other costs (PLN 17,454 thousand).

In the third quarter of 2009, general expenses decreased by PLN 8,823 thousand as compared to the third quarter of 2008. The decrease in general expenses resulted mainly from the decrease in:

- promotion and advertising services (PLN 3,799 thousand);
- costs of the purchase of other materials (PLN 2,952 thousand);
- costs of postal and telecommunications fees (PLN 1,651 thousand);
- other costs (PLN 11,312 thousand),

despite the increase in:

- costs of buildings maintenance and lease (PLN 5,027 thousand);
- IT costs (PLN 3,530 thousand);
- taxes and fees (PLN 1,733 thousand).

### **Cost/income ratio (CIR)**

The cost/income ratio for three quarters of 2009 amounted to 63.1% and was lower as compared to the corresponding period in 2008 by 3.5 percentage points. In the third quarter of 2009, the ratio amounted to 58.8% as compared to 59.6% in the third quarter of 2008.

### **Net impairment losses on financial assets, other assets and provisions**

<b>Net impairment losses on financial assets, other assets and provisions</b>	<b>3<sup>rd</sup> quarter of 2009</b>	<b>3<sup>rd</sup> quarter of 2008</b>	<b>Three quarters of 2009</b>	<b>Three quarters of 2008</b>
Retail Segment	-28 262	-14 058	-48 564	-3 837
Consumer Finance Segment	-106 515	-37 176	-257 101	-104 339
Corporate Segment	-17 405	26 707	-120 314	8 670
Other provisions	-4 188	-12 499	-3 722	29 430
<b>Result on provisions</b>	<b>-156 370</b>	<b>-37 026</b>	<b>-429 701</b>	<b>-70 076</b>

In three quarters of 2009, the Group recorded a negative balance of net impairment losses on financial assets, other assets and provisions of PLN 429,701 thousand, as compared to the negative balance in the three quarters of 2008 amounting to PLN 70,076 thousand.

The balance of impairment losses for the Corporate Segment in three quarters of 2009 includes impairment losses on receivables related to mature currency derivatives not paid by customers in the total amount of PLN 51 million.

The balance of other provisions in three quarters of 2009 includes mainly the reversal of the impairment on property, plant and equipment amounting to PLN 4.5 million and the establishment in three quarters of 2009 of a restructuring provision of PLN 5.7 million.

The balance of other provisions in three quarters of 2008 includes the reversal of the provision for a litigation related to the court judgment advantageous for the Bank amounting to PLN 36 million.

In the third quarter of 2009, the Group recorded a negative balance of net impairment losses on financial assets, other assets and provisions of PLN 156,370 thousand, as compared to the negative balance in the third quarter of 2008 amounting to PLN 37,026 thousand. The result was mainly generated in the Consumer Finance Segment. The increase in the level of impairment losses for the Consumer Finance Segment and the Retail Segment recorded in the third quarter of 2009 is a result of the deteriorating situation of households in the context of the slower economic growth and the higher unemployment level as compared to the corresponding period of the previous year. A stricter lending policy of banks and more limited availability of cash for the financing of already taken out liabilities is an additional factor affecting the problems with the timely payment of loan liabilities by borrowers. The increase in provisions of the Retail Segment results from the increase in the portfolio of cash loans granted by the Bank and from the 'maturing' of the portfolio of mortgage loans. The loss ratios in these portfolios remain at an acceptable level.

### **Corporate income tax**

The debit due to the income tax in the Group in three quarters of 2009 amounted to PLN 3,579 thousand, as compared to the deduction from the Group's net profit in three quarters of 2008 of PLN 72,738 thousand. The effective tax rate in three quarters of 2009 amounted to 19.9% as compared to 21.8% for three quarters of 2008.

## **8.2. Assets and liabilities**

### **Gross loans and advances to customers**

The value of gross loans and advances to customers at the end of the third quarter of 2009 increased by 21.5% as compared to the corresponding period in the previous year. The increase in the portfolio of loans and advances to customers during the last year was related mainly to mortgages; however, to a large extent, it resulted from the depreciation of the Polish zloty.

Details concerning the portfolio of loans and advances have been presented in sections 8.2.1, 8.2.2. and 8.5 below.

### **Investment securities portfolio**

The value of the portfolios of investment securities at the end of the third quarter of 2009 increased as compared to the end of the second quarter of 2009 by PLN 1,404 thousand, mainly due to the increase in the level of debt securities of the government of the Republic of Poland in the portfolio of financial assets available-for-sale. The level of investment portfolios made it possible, as in previous quarters, to manage short-term liquidity safely.

### **Derivatives**

At the end of the third quarter of 2009, the Group's net item resulting from the valuation of derivatives was open and amounted to PLN 44.1 million as compared to PLN 88.5 million at the end of the second quarter of 2009 and to PLN 281.3 million at the end of the third quarter of 2008. The decrease was possible mainly due to the decrease in the valuation of IRS's used in the interest rate risk management process. The Group's net item due to the valuation of options is closed – options concluded with customers are hedged by option transactions concluded on the inter-bank market. However, due to the depreciation of the Polish zloty, the turmoil on financial markets and the deterioration of the financial situation of entities operating in the sector of enterprises, and the resulting growing credit risk, particularly in the case of option transactions, net revaluation write-downs on derivative transactions and on receivables due to mature and non-settled transactions amounted in three quarters of 2009 to the total amount of PLN 70 million, including PLN 19 million reported in net trading income (including PLN 6 million of reversed write-downs in the third quarter), and PLN 51 million in 'Net impairment losses on financial assets, other assets

and provisions' (including PLN 19 million of reversed write-downs in the third quarter). Credit risk for option transactions is monitored on an ongoing basis by the Bank's Credit Committee.

### **Amounts due to banks and subordinated liabilities**

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
Loans and advances from KBC Group	6 893 537	7 202 103	6 763 261	4 939 845
- including loans and advances in foreign currencies	6 311 717	6 630 156	4 991 104	3 228 045
Term deposits	2 262 816	3 124 725	4 087 081	1 071 288
- including term deposits from KBC Group	2 185 451	3 110 907	3 993 949	848 420
Current accounts	1 709 670	1 008 657	1 271 449	2 469 824
Other liabilities	5 632	5 033	3 222	6 017
<b>Total amounts due to banks</b>	<b>10 871 655</b>	<b>11 340 518</b>	<b>12 125 013</b>	<b>8 486 974</b>
Subordinated liabilities (from KBC Group)	814 034	849 952	279 643	215 606
<b>Total</b>	<b>11 685 689</b>	<b>12 190 470</b>	<b>12 404 656</b>	<b>8 702 580</b>

The Bank finances the lending activities not only with deposits but also, to a large extent, with financing made available by KBC Group – the Bank's main shareholder. The loans in foreign currencies granted by Kredyt Bank Capital Group are fully financed with loans in foreign currencies received from KBC Group, deposits in foreign currencies made by entities from KBC Group and customer deposits in foreign currencies. Deposits and loans obtained from KBC Group are renewed at their maturities in the amount necessary to ensure the financing of the Bank's lending activities.

### **Customers' deposits portfolio**

Customers' deposits at the end of the third quarter of 2009 decreased by 1.7% as compared to the end of the second quarter of 2009, and increased by 8.8% as compared to the end of the third quarter of 2008. In the last 12 months, the largest increase in deposits was recorded in the retail customers segment in the portfolio of current accounts by ca. PLN 2.0 billion and in the portfolio of term deposits by ca. PLN 0.6 billion.

Details concerning the deposits portfolio have been presented in sections 8.2.1 and 8.2.2 below.

#### **8.2.1. Corporate and SME banking**

This section presents aggregate figures for corporate customers and SMEs, excluding non-commercial institutions providing services to households (data for non-commercial institutions providing services to households have been presented in section 8.2.2. in 'Retail banking').

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

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
<b>Corporate and SME customers</b>				
- overdraft facilities	1 609 012	1 874 388	1 881 957	1 911 609
- term loans*	5 852 197	6 376 249	6 564 247	5 877 694
- purchased debt	97 602	176 048	51 808	32 090
- realised guarantees	5 985	5 804	7 063	7 171
- other receivables (including leasing fees)	542 548	583 434	563 093	481 277
<b>Total**</b>	<b>8 107 344</b>	<b>9 015 923</b>	<b>9 068 168</b>	<b>8 309 841</b>
<b>Budget</b>				
- overdraft facilities	2 212	41 350	4 402	4 797
- term loans*	227 528	240 743	344 458	301 189
- other	0	0	0	466
<b>Total**</b>	<b>229 740</b>	<b>282 093</b>	<b>348 860</b>	<b>306 452</b>

\* mainly investment loans and working capital loans

\*\* in gross terms

The lower balance of the loans of corporate customers and SMEs results mainly from the decrease in sales (mainly as compared to the first quarter of 2009) and currency translation differences due to the appreciation of the Polish zloty.

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

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
<b>Corporate and SME customers</b>				
- current accounts	2 349 507	2 450 913	2 345 672	2 316 350
- term deposits	3 924 723	4 464 447	5 093 304	3 624 235
- including 'Warta Gwarancja' product	936 190	1 150 467	1 816 873	1 421 533
- loans and advances	145	146	149	0
- other	6 473	3 104	37 680	8 133
<b>Total</b>	<b>6 280 848</b>	<b>6 918 610</b>	<b>7 476 805</b>	<b>5 948 718</b>
<b>Budget</b>				
- current accounts	1 340 471	1 407 311	2 037 335	2 190 585
- term deposits	654 548	608 319	386 057	906 807
- other	15	0	0	0
<b>Total</b>	<b>1 995 034</b>	<b>2 015 630</b>	<b>2 423 392</b>	<b>3 097 392</b>

Despite the decrease in the value of cash deposited in the Bank and obtained by TUnŻ Warta S.A. from the sale of 'Warta Gwarancja' product (a decrease by PLN 0.5 billion) offered by the insurance company to retail customers, the value of the portfolio of term deposits of corporate customers at the end of the third quarter of 2009 as compared to the third quarter of 2008 increased by PLN 0.3 billion, which results mainly from depositing cash by the funds managed by the companies of KBC Group – ca. PLN 0.4 billion.

The decrease in the value of the portfolio of term deposits of corporate customers at the end of the third quarter of 2009 as compared to the second quarter of 2009 amounting to ca. PLN 0.5 billion results mainly from the decrease in cash deposited within 'Warta Gwarancja' product (a decrease by PLN 0.2 billion) due to implementation by Warta of the strategy of diversification of the investment portfolio and the maturing of term deposits. The majority of mature cash was deposited mainly by retail customers on the Bank's Savings Accounts, which was presented in section 8.2.2.

**8.2.2. Retail banking**

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

The table below presents the structure of loans granted to retail customers at the ends of particular quarters.

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
- overdraft facilities	816 904	796 760	695 814	697 699
- purchased debt	17 120	14 168	10 676	13 635
- term loans*	865 151	830 321	837 199	797 745
- instalment and cash loans, and cards	4 091 047	4 056 888	3 827 727	3 386 281
- mortgages	13 648 970	13 957 375	12 854 847	9 353 756
- realised guarantees	1 519	1 523	1 583	1 567
- other receivables	25 184	24 857	15 773	18 520
<b>Total**</b>	<b>19 465 895</b>	<b>19 681 892</b>	<b>18 243 619</b>	<b>14 269 203</b>

\* mainly investment and working capital loans for individual entrepreneurs, and mortgage loans

\*\* in gross terms

The increase in the balance of retail customers' loans as at 30.09.2009 as compared to 30.09.2008 amounted to 36.4% (ca. 19% of the increase results from currency translation differences); and, as compared to the end of the second quarter of 2009, a decrease by 1.1% was recorded (mainly due to currency translation differences).

The table below presents the structure of deposits of retail customers at the ends of particular quarters.

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
- current accounts	10 074 976	8 217 254	6 797 580	8 095 038
- term deposits	3 519 441	5 099 576	3 403 116	2 890 109
- other	114 256	119 423	174 473	175 635
<b>Total</b>	<b>13 708 673</b>	<b>13 436 253</b>	<b>10 375 169</b>	<b>11 160 782</b>

The Bank's long-term strategy assumes holding a permanent deposits base sourced from customers, hence, in the third quarter of 2009, Kredyt Bank offered very competitive interest rates for the Savings Account (presented in current accounts), which resulted in an increase in cash deposited in these accounts by PLN 1.8 billion.

As mentioned above, the cash acquired by the Bank from TunŻ Warta S.A. from the sale of 'Warta Gwarancja' product offered by the insurer to retail customers is recognized in these financial statements in the corporate segment.

**Instalment and cash loans, and credit cards**

Instalment and cash loans and credit cards are offered in the network of the Bank's outlets as well as via Żagiel.

In the fourth quarter of 2008, in view of the symptoms of slower economic growth, the Bank made decisions to tighten the credit policy for instalment loans and cash loans, and, in particular, to decrease the Dtl (Debt to Income) ratio for the calculation of creditworthiness. The restrictive credit policy affected mainly the loans granted via Żagiel.

The sale of retail loans and advances through Żagiel's distribution network in the third quarter of 2009 amounted to PLN 366 million, i.e. decreased by 18.5% as compared to the second quarter of 2009 and by 57.6% against the level in the third quarter of 2008. As compared to the second quarter of 2009, in the third quarter of 2009, the number of granted loans decreased from 200 thousand to 176 thousand, and, as compared to the third quarter of 2008, the number of loans decreased by 143 thousand.

In view of the symptoms of the slower economic growth, the Bank undertook additional activities in order to prepare a detailed analysis and verification of the portfolio quality for instalment and cash loans. From the analyses, it seems that cash loans of the Bank's customers are of better quality than cash loans granted via Żagiel. As a result, in the case of loans granted via Żagiel, new, stricter lending and verification conditions have been introduced, what has resulted in a major limitation of the sale of cash loans for this segment. In the case of cash loans of the Bank's customers, lending and verification conditions were adjusted to the existing market situation to ensure the acceptance of the better quality of customers with a larger sales volume. Similarly, verified lending conditions in the case of instalment loans granted via Żagiel aim to ensure better quality of accepted customers for this type of products.

<i>in PLN '000'</i>	3 <sup>rd</sup> quarter of 2009	2 <sup>nd</sup> quarter of 2009	4 <sup>th</sup> quarter of 2008	3 <sup>rd</sup> quarter of 2008
<b>Instalment and cash loans, and cards</b>				
Gross value of the portfolio at the end of the quarter, including:	4 091 047	4 056 888	3 827 727	3 386 281
Loans granted via Żagiel				
Gross value of the portfolio at the end of the quarter*	2 667 854	2 766 933	2 811 786	2 442 615
Number of loans granted in the quarter (in '000')**	176	200	328	319
Value of loans granted in the quarter**	365 796	448 748	910 229	862 026
* including the consolidation adjustment due to EIR				
** related to instalment and cash loans				

At the end of the third quarter of 2009, as compared to the end of the second quarter of 2009, the number of credit cards decreased slightly by 0.4%, and increased by 30.4% as compared to the end of the third quarter of 2008.

<i>in thousands</i>	30.09.2009	30.06.2009	31.12.2008	30.09.2008
Credit cards (aggregate for KB and Żagiel S.A.)	532	534	477	408

### **Mortgages**

In the first quarter of 2009, due to the observed fluctuations of the rates of exchange and in view of the symptoms of the slower economic growth, the Bank decided to withdraw loans denominated in foreign currencies from its offer.

The gross value of the portfolio of mortgages in the third quarter of 2009 as compared to the second quarter of 2009 decreased by 2.2% and, as compared to the corresponding period in the previous year, by 45.9%. In total, in the third quarter of 2009, the portfolio of loans decreased by PLN 308 million, which, to a large extent, resulted from the appreciation of the Polish zloty in this period (loans in CHF constitute almost 70% of the portfolio).

<i>in PLN '000'</i>	3 <sup>rd</sup> quarter of 2009	2 <sup>nd</sup> quarter of 2009	4 <sup>th</sup> quarter of 2008	3 <sup>rd</sup> quarter of 2008
<b>Mortgages</b>				
Gross value of the portfolio at the end of the quarter	13 648 970	13 957 375	12 854 847	9 353 756
Number of loans granted in the quarter (in '000')	1,7	1,5	8,5	12,5
Value of loans granted in the quarter*	306 583	270 122	1 541 815	1 843 618

\* new loans

**Current accounts for individual clients**

<i>in PLN '000'</i>	30.09.2009	30.06.2009	31.12.2008	30.09.2008
<b>Current accounts</b>				
Carrying amount at quarter end	10 074 976	8 217 254	6 797 580	8 095 038
Including ROR accounts *				
Number (in '000')	599	596	588	588
Carrying amount	1 164 492	1 267 090	1 216 932	1 287 729
Including Savings Account *				
Number (in '000')	442	423	370	362
Carrying amount	7 647 098	5 737 141	4 245 387	5 441 113

\* ROR and Savings Account – figures for private persons

As at 30.09.2009, the number of current-savings accounts (ROR) increased by 0.5% as compared to figures at 30.06.2009 and was higher by 1.9% as compared to figures at 30.09.2008. The carrying amount of cash on ROR accounts for individual customers at the end of the third quarter of 2009 decreased as compared to the end of the second quarter of 2009 by 8.1% and decreased by 9.6% as compared to the end of the third quarter of 2008.

At the end of the third quarter of 2009, the number of savings accounts increased by 4.5% as compared to the end of the second quarter of 2009, and by 22.1% as compared to the end of the third quarter of 2008. At the end of the third quarter of 2009, the value of deposited cash was PLN 7.6 billion, i.e. increased by 33.3% as compared to figures at the end of the second quarter of 2009, and by 40.5% as compared to the end of the third quarter of 2008. The high increase in the value of cash in the savings account in the third quarter of 2009 is an effect of Kredyt Bank's offer of competitive interest terms for the Savings Account.

**Electronic distribution channels**

The number of users of electronic distribution channels has been growing systematically. As of 30.09.2009, the number of KB24 users was equal to 354 thousand. As compared to figures at 30.06.2009, their number increased by 0.6%, and by 10.6% as compared to figures at 30.09.2008. As compared to the second quarter of 2009, the number of bank transfers made via KB24 in the third quarter of 2009, decreased by 1.7%, and increased by 11.6% as compared to the third quarter of 2008.

<i>in '000'</i>	30.09.2009	30.06.2009	31.12.2008	30.09.2008
Number of KB 24 users	354	352	334	320
Number of transfers via KB24 in the quarter	4 169	4 240	4 066	3 735

**Number of outlets**

In the fourth quarter of 2008, in view of the symptoms of the coming economic growth, the Bank made decisions to tighten the credit policy for instalment loans and cash loans. The restrictive credit policy affected mainly the loans granted via Żagiel. As a result, the number of outlets of Żagiel ('Kredyt Punkt') dropped in the third quarter of 2009 by 151.

<i>in units</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
Bank's outlets	407	406	401	395
Outlets of Żagiel S.A. ('Kredyt Punkt' outlets)	200	261	351	343

**8.3. Investment funds and unit funds in unit-linked insurance plans**

Total net assets of KBC TFI funds (excluding non-registered funds) sold as at 30.09.2009 via the Bank's distribution network amounted to PLN 3,336,491 thousand. As compared to figures at 30.06.2009, they increased by 16.7%, and by 12.4% as compared to figures at 30.09.2008.

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
Net assets of KBC TFI funds (excluding non-registered funds) sold via the Bank's distribution network	3 336 491	2 858 172	2 789 563	2 967 374
The share of net assets of funds sold via the Bank's distribution network in net assets of investment funds managed by KBC TFI S.A.	75.6%	73.8%	74.6%	77.0%

**8.4. Issue, redemption and repayment of debt and equity securities**

In the third quarter of 2009 and in the third quarter of 2008, the Bank did not issue, redeem or repay any equity securities issued by the Bank.

**8.5. The quality of loans and advances portfolio**

In the third quarter of 2009, the quality ratio for the Group's gross loans and advances amounted to 6.7% and deteriorated in this period by 1.0 p.p.

The Group, when estimating credit risk for individual credit exposures and loan portfolios, follows the overriding prudence concept. As at 30.09.2009, the coverage of loans and advances with evidence for impairment with impairment losses was at the level of 59.4% and increased by 0.2 p.p. as compared to 30.06.2009. The decrease in this ratio as compared to the end of the third quarter of 2008 results mainly from the transfer, in the second and in the third quarters of 2009, of a part of receivables subject to the full impairment loss to the off-balance-sheet records.



<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
Loans and advances with no evidence for impairment	25 942 815	27 321 024	26 310 999	21 700 580
Loans and advances with evidence for impairment	1 860 164	1 658 884	1 349 648	1 184 916
<b>Total gross loan and advances to customers</b>	<b>27 802 979</b>	<b>28 979 908</b>	<b>27 660 647</b>	<b>22 885 496</b>
Impairment losses on loans and advances to customers	1 229 719	1 094 673	927 331	863 131
including: impairment on loans and advances with evidence for impairment	1 105 124	982 265	839 644	784 271
<b>Total net loans and advances to customers</b>	<b>26 573 260</b>	<b>27 885 235</b>	<b>26 733 316</b>	<b>22 022 365</b>
The share of loans and advances with evidence for impairment in total gross loans and advances	6.7%	5.7%	4.9%	5.2%
Coverage of loans and advances with evidence for impairment with corresponding impairment	59.4%	59.2%	62.2%	66.2%
Coverage of gross loans and advances to customers with corresponding impairment	4.4%	3.8%	3.4%	3.8%

## 8.6. Capital adequacy ratio

The Group's capital adequacy ratio was calculated in compliance with the regulations of the National Bank of Poland in force and, as of 30.09.2009, amounted to 11.36% as compared to 9.36% recorded as of 30.09.2008. The increase in the adequacy ratio as compared to the state as at 30.09.2008, despite the dynamic increase in the loan portfolio and the strong depreciation of the Polish zloty, was possible due to the accounting of subordinated loans of PLN 75 million and CHF 165 million in the supplementary funds, and to the retaining of the total result for 2008 in capitals. The Group applies the standardized approach to credit risk calculation.

As at 30.09.2009, as compared to 30.06.2009, the capital adequacy ratio increased from 10.78% by 0.58 p.p. .

## 8.7. Income and results by operating segments

Since 1.01.2009, in accordance with the assumptions of IFRS 8, the approach to disclosures concerning operating segments has changed. The criterion for separating a segment now includes 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.

As a result, the Group's operating activities were divided into four basic segments: Retail Segment, Corporate Segment, Consumer Finance Segment and Treasury Segment. The Bank's operations are not diversified in geographical terms. Operations are focused on the Polish market; the main customer base is composed of Polish natural and legal persons and foreign customers operating on the Polish market.

With reference to the changes described above, the Bank appropriately restated comparable data as at 30.09.2008.

### **Retail Segment**

Retail Segment, in management terms, incorporates products targeted at individual customers (except for customers qualified as Consumer Finance Segment) as well as Small and Medium-sized Enterprises (SME), whose annual sales revenue does not exceed PLN 16 million. The offer consists of 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 as well as KB24 – an Internet network.

### **Corporate Segment**

Corporate Segment, in management terms, comprises transactions with large companies (with annual sales revenue exceeding PLN 16 million) as well as state budgetary units at central and local levels. Beside such traditional products as loans, deposits, settlement and treasury services, 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, which offers a complete range of services for companies in respect of the leasing of property, plant and equipment.

### **Consumer Finance Segment**

Consumer Finance Segment, in management terms, includes the sale of consumer loans (instalment and cash loans, credit cards) via the distribution network of Żagiel.

### **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, interest rate and currency options, except for write-downs for credit risk. Besides the trading activities carried by the Bank on its own account, the segment includes the activities aiming to hedge the Banking Book position.

### **Other**

Income and expenses not assigned to above segments have been presented as Other 'segment'. This category also includes the results of the operations of Reliz and Kredyt Trade (also of KIF for 2008). Respective 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 from the sale of deposit funds in internal transactions and result from the application of an internal price (transfer rate) established on the basis of reference rates (money market rates) for particular deposit and credit products.

Net interest income includes net interest income from deposit and lending activities and the total net income from loan commissions treated, in management terms, as an element of interest margin. In addition, particular segments include the costs of financing the cash maintained in the Bank's branches.

Net commission income and other net income includes:

- commissions for keeping accounts and transactions;
- commissions related to credit, debit and other cards;
- commissions related to the distribution of the shares of investment funds and other services provided to 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 including net income from other commissions and net income from other operating income and expenses (including the reversal of provisions due to the sale of debt).

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. The result for the Treasury Segment is the aggregate of the following items from the financial statements: net trading income increased with the provision for potential losses related to open/active derivatives 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 items from the financial statements: net gains from investment activities and dividend income.

Net impairment losses on financial assets, other assets and provisions in 2008 are the same as the item presented in the financial statements. In 2009, in management reporting, a provision for potential losses related to open/active derivatives and the adjustment of the accrual of interest based on net investments (presented in the financial statements for three quarters of 2009 in net trading income and in net interest income, respectively) were additionally recognized in this item. In addition, in the financial statements, this item also contains income resulting from the reversal of provisions related to the sale of debt, which, in the reporting management, are presented in 'Commission income and other income'.

Group's general expenses – the Group allocates the costs on the basis of direct costs accounting and statistical key figures applied in its own management system; operating expenses of the Bank's branches and affiliates are fully charged to the retail function. The costs of the Head Office and general and administrative expenses are allocated according to the structure of direct costs. The Bank has been implementing the Activity-based Costing (ABC), which will affect the method of allocating costs to particular segments.

**Group's net profit for the third quarter of 2009 by business segments (breakdown according to management reporting)**

<i>in PLN '000'</i>	<b>Retail Segment</b>	<b>Consumer Finance Segment</b>	<b>Corporate Segment</b>	<b>Treasury Segment</b>	<b>Other</b>	<b>Total</b>
<b>Net interest income, including:</b>	<b>131 002</b>	<b>103 725</b>	<b>57 061</b>	<b>2 622</b>	<b>3 709</b>	<b>298 119</b>
- lending activities	87 760	103 725	41 772	0	3 663	236 920
- depositing activities	46 023	0	16 337	0	46	62 406
- the cost of financing cash kept in the Bank's branches	-2 781	0	-1 048	3 829	0	0
<b>Net commission income and other net income</b>	<b>48 729</b>	<b>6 101</b>	<b>22 300</b>	<b>0</b>	<b>11 317</b>	<b>88 447</b>
- commissions related to the keeping of accounts and transactions	28 719	0	7 053	0	256	36 028
- commissions related to cards	16 569	6 862	368	0	0	23 799
- commissions related to shares in investment funds societies	5 213	0	156	0	-1	5 368
- commissions related to insurance products	9 425	0	1	0	-13	9 413
- commissions related to foreign transactions	2 418	0	2 565	0	225	5 208
- other	-13 615	-761	12 157	0	10 850	8 631
<b>Net income from treasury transactions</b>	<b>12 376</b>	<b>-52</b>	<b>8 841</b>	<b>12 807</b>	<b>2 022</b>	<b>35 994</b>
- exchange transactions	12 340	-52	8 460	11 478	346	32 572
- derivatives and securities	36	0	381	1 329	1 676	3 422
<b>Net gains from investment activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-87</b>	<b>32</b>	<b>-55</b>
<b>Operating income before tax</b>	<b>192 107</b>	<b>109 774</b>	<b>88 202</b>	<b>15 342</b>	<b>17 080</b>	<b>422 505</b>
<b>Net impairment losses on financial assets, other assets and provisions</b>	<b>-32 953</b>	<b>-109 171</b>	<b>-15 663</b>	<b>0</b>	<b>-4 188</b>	<b>-161 975</b>
<b>Group's general and administrative expenses, including:</b>	<b>-167 844</b>	<b>-37 547</b>	<b>-24 735</b>	<b>-9 252</b>	<b>-5 935</b>	<b>-245 313</b>
- the costs of the operation of business functions (direct costs)	-111 115	-36 625	-17 462	-6 123	-5 935	-177 260
- allocated expenses	-56 729	-922	-7 273	-3 129	0	-68 053
<b>Net operating income</b>	<b>-8 690</b>	<b>-36 944</b>	<b>47 804</b>	<b>6 090</b>	<b>6 957</b>	<b>15 217</b>
Share in profit (loss) of associates						808
Income tax expense						-5 656
<b>Net profit/loss</b>						<b>10 369</b>

## Group's net profit for three quarters of 2009 by business segments (breakdown according to management reporting)

<i>in PLN '000'</i>	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
<b>Net interest income, including:</b>	<b>358 652</b>	<b>340 087</b>	<b>163 597</b>	<b>-9 857</b>	<b>-2 736</b>	<b>849 743</b>
- lending activities	249 824	340 087	115 508	0	-2 834	702 585
- depositing activities	118 287	0	51 557	0	98	169 942
- the cost of financing cash kept in the Bank's branches	-9 459	0	-3 468	12 927	0	0
<b>Net commission income and other net income</b>	<b>138 397</b>	<b>17 628</b>	<b>72 763</b>	<b>0</b>	<b>36 687</b>	<b>265 475</b>
- commissions related to the keeping of accounts and transactions	81 795	0	18 345	0	806	100 946
- commissions related to cards	47 649	18 532	1 097	0	0	67 278
- commissions related to shares in investment funds societies	15 218	0	349	0	0	15 567
- commissions related to insurance products	23 106	0	2	0	0	23 108
- commissions related to foreign transactions	6 518	0	7 709	0	1 002	15 229
- other	-35 889	-904	45 261	0	34 879	43 347
<b>Net income from treasury transactions</b>	<b>42 652</b>	<b>15</b>	<b>26 404</b>	<b>77 771</b>	<b>908</b>	<b>147 750</b>
- exchange transactions	42 521	15	23 242	57 658	1 180	124 616
- derivatives and securities	131	0	3 162	20 113	-272	23 134
<b>Net gains from investment activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>428</b>	<b>5 031</b>	<b>5 459</b>
<b>Operating income before tax</b>	<b>539 701</b>	<b>357 730</b>	<b>262 764</b>	<b>68 342</b>	<b>39 890</b>	<b>1 268 427</b>
<b>Net impairment losses on financial assets, other assets and provisions</b>	<b>-60 413</b>	<b>-263 162</b>	<b>-161 275</b>	<b>0</b>	<b>-3 722</b>	<b>-488 572</b>
<b>Group's general and administrative expenses, including:</b>	<b>-518 762</b>	<b>-119 196</b>	<b>-79 738</b>	<b>-28 069</b>	<b>-17 594</b>	<b>-763 359</b>
- the costs of the operation of business functions (direct costs)	-340 471	-116 210	-55 522	-18 422	-17 594	-548 219
- allocated expenses	-178 291	-2 986	-24 216	-9 647	0	-215 140
<b>Net operating income</b>	<b>-39 474</b>	<b>-24 628</b>	<b>21 751</b>	<b>40 273</b>	<b>18 574</b>	<b>16 496</b>
Share in profit (loss) of associates						1 505
Income tax expense						-3 579
<b>Net profit/loss</b>						<b>14 422</b>

**Group's net profit for the third quarter of 2008 by business segments (breakdown according to management reporting)**

<i>in PLN '000'</i>	<b>Retail Segment</b>	<b>Consumer Finance Segment</b>	<b>Corporate Segment</b>	<b>Treasury Segment</b>	<b>Other</b>	<b>Total</b>
<b>Net interest income, including:</b>	<b>123 054</b>	<b>99 565</b>	<b>45 723</b>	<b>17 277</b>	<b>-1 161</b>	<b>284 458</b>
- lending activities	65 814	99 565	29 654	0	-1 101	193 932
- depositing activities	62 659	0	17 916	0	-46	80 529
- the cost of financing cash kept in the Bank's branches	-5 419	0	-1 847	7 280	-14	0
<b>Net commission income and other net income</b>	<b>43 350</b>	<b>5 679</b>	<b>14 162</b>	<b>0</b>	<b>21 891</b>	<b>85 082</b>
- commissions related to the keeping of accounts and transactions	25 390	0	5 904	0	278	31 572
- commissions related to cards	11 429	3 826	444	0	0	15 699
- commissions related to shares in investment funds societies	6 419	0	62	0	30	6 511
- commissions related to insurance products	4 426	0	0	0	26	4 452
- commissions related to foreign transactions	2 367	0	2 523	0	193	5 083
- other	-6 681	1 853	5 229	0	21 364	21 765
<b>Net income from treasury transactions</b>	<b>53 107</b>	<b>-88</b>	<b>15 544</b>	<b>8 977</b>	<b>3 939</b>	<b>81 479</b>
- exchange transactions	52 732	-88	7 011	14 874	722	75 251
- derivatives and securities	375	0	8 533	-5 897	3 217	6 228
<b>Net gains from investment activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>349</b>	<b>349</b>
<b>Operating income before tax</b>	<b>219 511</b>	<b>105 156</b>	<b>75 429</b>	<b>26 254</b>	<b>25 018</b>	<b>451 368</b>
<b>Net impairment losses on financial assets, other assets and provisions</b>	<b>-14 058</b>	<b>-37 176</b>	<b>26 707</b>	<b>0</b>	<b>-12 499</b>	<b>-37 026</b>
<b>Group's general and administrative expenses, including:</b>	<b>-179 720</b>	<b>-54 355</b>	<b>-22 218</b>	<b>-8 099</b>	<b>-4 517</b>	<b>-268 909</b>
- the costs of the operation of business functions (direct costs)	-123 571	-49 175	-16 379	-5 530	-4 517	-199 172
- allocated expenses	-56 149	-5 180	-5 839	-2 569	0	-69 737
<b>Net operating income</b>	<b>25 733</b>	<b>13 625</b>	<b>79 918</b>	<b>18 155</b>	<b>8 002</b>	<b>145 433</b>
Share in profit (loss) of associates						21
Income tax expense						-29 973
<b>Net profit/loss</b>						<b>115 481</b>

**Group's net profit for three quarters of 2008 by business segments (breakdown according to management reporting)**

<i>in PLN '000'</i>	<b>Retail Segment</b>	<b>Consumer Finance Segment</b>	<b>Corporate Segment</b>	<b>Treasury Segment</b>	<b>Other</b>	<b>Total</b>
<b>Net interest income, including:</b>	<b>337 495</b>	<b>264 324</b>	<b>133 509</b>	<b>63 778</b>	<b>-7 605</b>	<b>791 501</b>
- lending activities	176 597	264 324	85 907	0	-7 425	519 403
- depositing activities	175 243	0	52 448	0	-150	227 541
- the cost of financing cash kept in the Bank's branches	-14 345	0	-4 846	19 221	-30	0
<b>Net commission income and other net income</b>	<b>143 815</b>	<b>18 369</b>	<b>48 139</b>	<b>0</b>	<b>25 305</b>	<b>235 628</b>
- commissions related to the keeping of accounts and transactions	76 127	0	18 060	0	681	94 868
- commissions related to cards	43 302	8 957	1 306	0	0	53 565
- commissions related to shares in investment funds societies	19 566	0	182	0	30	19 778
- commissions related to insurance products	13 327	0	1	0	26	13 354
- commissions related to foreign transactions	6 814	0	7 819	0	849	15 482
- other	-15 321	9 412	20 771	0	23 719	38 581
<b>Net income from treasury transactions</b>	<b>106 772</b>	<b>-126</b>	<b>37 356</b>	<b>37 936</b>	<b>-1 566</b>	<b>180 372</b>
- exchange transactions	105 829	-126	17 675	38 209	-338	161 249
- derivatives and securities	943	0	19 681	-273	-1 228	19 123
<b>Net gains from investment activities</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>1 227</b>	<b>1 231</b>
<b>Operating income before tax</b>	<b>588 082</b>	<b>282 567</b>	<b>219 008</b>	<b>101 714</b>	<b>17 361</b>	<b>1 208 732</b>
<b>Net impairment losses on financial assets, other assets and provisions</b>	<b>-3 837</b>	<b>-104 339</b>	<b>8 670</b>	<b>0</b>	<b>29 430</b>	<b>-70 076</b>
<b>Group's general and administrative expenses, including:</b>	<b>-537 254</b>	<b>-158 067</b>	<b>-71 292</b>	<b>-26 342</b>	<b>-11 783</b>	<b>-804 738</b>
- the costs of the operation of business functions (direct costs)	-389 002	-143 482	-54 625	-19 073	-11 783	-617 965
- allocated expenses	-148 252	-14 585	-16 667	-7 269	0	-186 773
<b>Net operating income</b>	<b>46 991</b>	<b>20 161</b>	<b>156 386</b>	<b>75 372</b>	<b>35 008</b>	<b>333 918</b>
Share in profit (loss) of associates						-891
Income tax expense						-72 738
<b>Net profit/loss</b>						<b>260 289</b>

Below, we present the reconciliation of particular items with the consolidated income statement published in this report.

<i>in PLN '000'</i>	<b>01.07.2009- 30.09.2009</b>
<b>Net interest income – management information</b>	<b>298 119</b>
- commissions on loans	16 945
+ operating expenses (interest on finance lease)	-527
+ operating income (the collection of statutory interest)	1 692
+ commissions related to foreign transactions	61
+ adjustment of the accrual of interest based on net investments	-10 591
+ other	-1 085
<b>Net interest income – financial statements</b>	<b>270 724</b>
<b>Net commission income and other net income – management information</b>	<b>88 447</b>
+ commissions on loans	16 945
- reversal of provisions related to the sale of debt	1 499
- operating expenses (interest on finance lease)	-527
- operating income (the collection of statutory interest)	1 692
- commissions related to foreign transactions	61
- other	-1 085
<b>Net commission income and other income – financial statements – presented as:</b>	<b>103 752</b>
Net fee and commission income	82 045
Other operating income	31 779
Other operating expenses	-10 072
<b>Net income from treasury transactions – management information</b>	<b>35 994</b>
+ provision for potential losses related to active derivatives	6 485
<b>Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:</b>	<b>42 479</b>
Net trading income	42 009
Net result on derivatives used as hedging instruments and hedged items	470
<b>Net gains from investment activities – management information</b>	<b>-55</b>
<b>Net gains from investment activities and dividend income – financial statements – presented as:</b>	<b>-55</b>
Net gains from investment activities	-87
Dividend income	32
<b>Operating income before tax – management information</b>	<b>422 505</b>
+ provision for potential losses related to active derivatives	6 485
+ adjustment of the accrual of interest based on net investments	-10 591
- reversal of provisions related to the sale of debt	1 499
<b>Operating income before tax – financial statements – presented as:</b>	<b>416 900</b>
Total operating income	426 972
Other operating expenses	-10 072



<i>in PLN '000'</i>		01.07.2009- 30.09.2009
<b>Net impairment losses on financial assets, other assets and provisions – management information</b>		<b>-161 975</b>
- provision for potential losses related to active derivatives		6 485
- adjustment of the accrual of interest based on net investments		-10 591
+ reversal of provisions related to the sale of debt		1 499
<b>Net impairment losses on financial assets, other assets and provisions – financial statements</b>		<b>-156 370</b>
<i>in PLN '000'</i>		01.01.2009- 30.09.2009
<b>Net interest income – management information</b>		<b>849 743</b>
- commissions on loans		41 678
+ operating expenses (interest on finance lease)		-1 748
+ operating income (the collection of statutory interest)		7 867
+ commissions related to foreign transactions		438
+ adjustment of the accrual of interest based on net investments		-27 617
+ other		-144
<b>Net interest income – financial statements</b>		<b>786 861</b>
<b>Net commission income and other net income – management information</b>		<b>265 475</b>
+ commissions on loans		41 678
- reversal of provisions related to the sale of debt		11 685
- operating expenses (interest on finance lease)		-1 748
- operating income (the collection of statutory interest)		7 867
- commissions related to foreign transactions		438
- other		-144
<b>Net commission income and other income – financial statements – presented as:</b>		<b>289 055</b>
Net fee and commission income		227 973
Other operating income		91 439
Other operating expenses		-30 357
<b>Net income from treasury transactions – management information</b>		<b>147 750</b>
+ provision for potential losses related to active derivatives		-19 569
<b>Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:</b>		<b>128 181</b>
Net trading income		127 624
Net result on derivatives used as hedging instruments and hedged items		557
<b>Net gains from investment activities – management information</b>		<b>5 459</b>
<b>Net gains from investment activities and dividend income – financial statements – presented as:</b>		<b>5 459</b>
Net gains from investment activities		3 830
Dividend income		1 629

<i>in PLN '000'</i>	<b>01.01.2009- 30.09.2009</b>
<b>Operating income before tax – management information</b>	<b>1 268 427</b>
+ provision for potential losses related to active derivatives	-19 569
+ adjustment of the accrual of interest based on net investments	-27 617
- reversal of provisions related to the sale of debt	11 685
<b>Operating income before tax – financial statements – presented as:</b>	<b>1 209 556</b>
Total operating income	1 239 913
Other operating expenses	-30 357
<b>Net impairment losses on financial assets, other assets and provisions – management information</b>	<b>-488 572</b>
- provision for potential losses related to active derivatives	-19 569
- adjustment of the accrual of interest based on net investments	-27 617
+ reversal of provisions related to the sale of debt	11 685
<b>Net impairment losses on financial assets, other assets and provisions – financial statements</b>	<b>-429 701</b>

<i>in PLN '000'</i>	<b>01.07.2008- 30.09.2008</b>
<b>Net interest income – management information</b>	<b>284 458</b>
- commissions on loans	13 948
+ operating expenses (interest on finance lease)	-812
+ operating income (the collection of statutory interest)	3 232
+ commissions related to foreign transactions	85
+ other	1 268
<b>Net interest income – financial statements – financial statements</b>	<b>274 283</b>
<b>Net commission income and other net income – management information</b>	<b>85 082</b>
+ commissions on loans	13 948
- operating expenses (interest on finance lease)	-812
- operating income (the collection of statutory interest)	3 232
- commissions related to foreign transactions	85
- other	1 268
<b>Net commission income and other income – financial statements – presented as:</b>	<b>95 257</b>
Net fee and commission income	76 078
Other operating income	28 612
Other operating expenses	-9 433
<b>Net income from treasury transactions – management information</b>	<b>81 479</b>
<b>Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:</b>	<b>81 479</b>
Net trading income	78 156
Net result on derivatives used as hedging instruments and hedged items	3 323
<b>Net gains from investment activities – management information</b>	<b>349</b>
<b>Net gains from investment activities and dividend income – financial statements – presented as:</b>	<b>349</b>
Net gains from investment activities	-52
Dividend income	401

<i>in PLN '000'</i>	<b>01.07.2008- 30.09.2008</b>
<b>Operating income before tax – management information</b>	<b>451 368</b>
<b>Operating income before tax – financial statements – presented as:</b>	<b>451 368</b>
Total operating income	460 801
Other operating expenses	-9 433
 <i>in PLN '000'</i>	 <b>01.01.2008- 30.09.2008</b>
<b>Net interest income – management information</b>	<b>791 501</b>
- commissions on loans	33 270
+ operating expenses (interest on finance lease)	-2 544
+ operating income (the collection of statutory interest)	10 939
+ commissions related to foreign transactions	627
+ other	338
<b>Net interest income – financial statements – financial statements</b>	<b>767 591</b>
 <b>Net commission income and other net income – management information</b>	 <b>235 628</b>
+ commissions on loans	33 270
- operating expenses (interest on finance lease)	-2 544
- operating income (the collection of statutory interest)	10 939
- commissions related to foreign transactions	627
- other	338
<b>Net commission income and other income – financial statements – presented as:</b>	<b>259 538</b>
Net fee and commission income	219 670
Other operating income	69 421
Other operating expenses	-29 553
 <b>Net income from treasury transactions – management information</b>	 <b>180 372</b>
<b>Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:</b>	<b>180 372</b>
Net trading income	179 923
Net result on derivatives used as hedging instruments and hedged items	449
 <b>Net gains from investment activities – management information</b>	 <b>1 231</b>
<b>Net gains from investment activities and dividend income – financial statements – presented as:</b>	<b>1 231</b>
Net gains from investment activities	1 049
Dividend income	182
 <b>Operating income before tax – management information</b>	 <b>1 208 732</b>
<b>Operating income before tax – financial statements – presented as:</b>	<b>1 208 732</b>
Total operating income	1 238 285
Other operating expenses	-29 553

## 9. Information on dividend

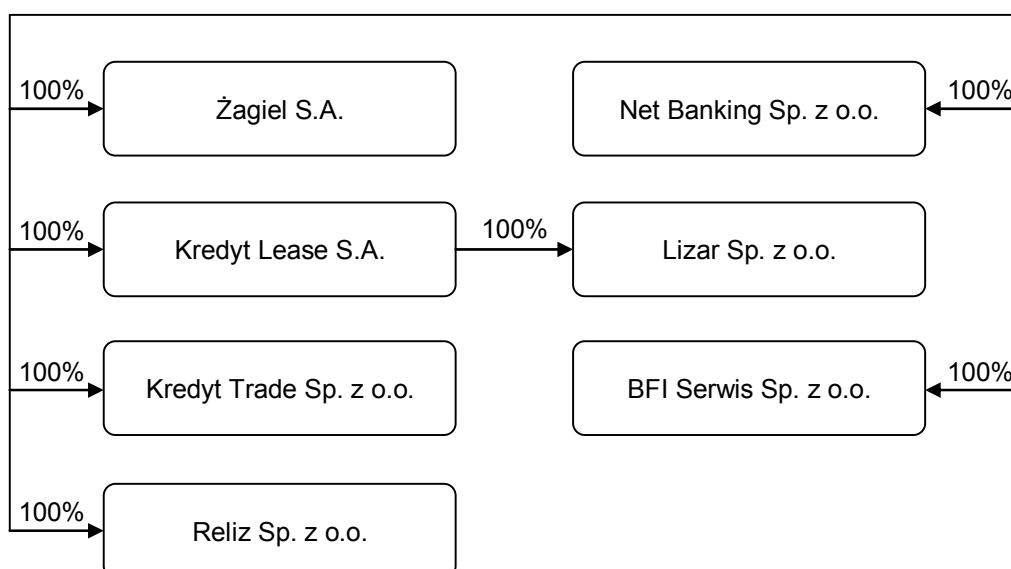
Pursuant to the Resolution by the General Meeting of Shareholders of Kredyt Bank S.A. concerning the distribution of profit for 2008 adopted on 27.05.2009, the dividend for 2008 will not be paid.

## 10. Group's structure

Kredyt Bank Capital Group encompasses legally separated business entities, whose activities are coordinated to a great extent. The capital relations linking the Group, defining the nature of the relationship, are strengthened by business relations, contracts, a joint product offer, controlling functions performed by the Bank over the companies' operating and financial policies as well as a transfer of management staff and also know-how.

Below, we present the composition and ownership structure of the Group as of 30.09.2009.

### Grupa Kapitałowa Kredyt Banku S.A.



As of 30.09.2009, the following companies were consolidated with the full method: Kredyt Lease S.A., Kredyt Trade Sp. z o.o., Żagiel S.A. and Reliz Sp. z o.o.

Due to the immateriality of their operations and financial figures, the Group does not consolidate financial statements of the following entities: Lizar Sp. z o.o., Net Banking Sp. z o.o., BFI Serwis Sp. z o.o.

## 11. Description of applied accounting principles and material accounting estimates

The Group did not introduce any material changes in the applied accounting principles and methods of performing accounting estimates as compared to the principles and methods described in the Group's published consolidated financial statements as of 31.12.2008, except for the change in the parameterization of the curves applied in the valuation of FX swaps. The quotations for the curve were adjusted to the current market reality. 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 principles and accounting estimates applied with respect to balance sheet items and income statement items. Estimates are related to uncertain future events and 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 financial statements refer to:

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

### 11.1. Classification and measurement of financial assets and liabilities

#### ***Financial assets and liabilities at fair value through profit or loss***

This category includes:

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

Fair value is determined on the basis of quotations on active markets, including prices of the latest transactions and generally adopted measurement models based on variables that can be observed in the market environment.

Interest and acquired discount or premium on 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.

Outflows from assets disposal are calculated with the FIFO method.

Financial derivatives are recognized at fair value, without deductions of transaction expenses that can be incurred at the disposal. The transaction price is the best indicator of fair value at the initial recognition of a derivative. The valuation of derivatives also includes credit risk; the respective charges are recognized in the income statement. Derivatives with positive fair value as at the date of measurement are recognized in the balance sheet as assets, and derivatives with negative value from measurement – as liabilities.

### ***Held-to-maturity investments***

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

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

### ***Loans and receivables***

Loans and receivables are non-derivative financial assets, with a fixed or determinable cash flow that are not quoted on an active market. Loans and receivables arise when the Bank disburses cash to customers for purposes other than generating short-term trading gains. This category consists of loans and advances to banks and customers, including purchased debts.

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

Accrued interest with net commission (commissions received less commissions paid) settled over time using the effective interest rate method are recognized in interest income; the commission settled on a straight-line basis is recognized in fee and commission income. Impairment charge is recognized in the income statement in correspondence with accounts of provisions which adjust assets value.

### ***Available-for-sale financial assets***

Available-for-sale financial assets 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 a discount or premium is settled over time in net interest income using the effective interest rate method.

If fair value cannot be determined, assets are recognized at cost less impairment charge. Impairment losses are recognized in the income statement in correspondence with accounts of provisions which adjust assets value.

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

Outflows from assets disposal are calculated with the FIFO method.

### ***Financial liabilities not 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 not held for trading are recognized in the balance sheet at amortised 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 flow 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 flow related to the hedged risk;
- the hedging is expected to be highly effective in achieving offsetting changes in fair value (or cash flow) attributable to the hedged risk, according to the initially documented risk management strategy related to a specific hedging relationship;
- 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 disclosed 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 flow 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.

### ***Effective interest rate method***

Since 01.01.2005, as a result of adopting the method of measuring financial assets and liabilities at amortised cost with the use of the effective interest rate, the Group has been amortising, into income statement, fee and commission income and expenses as well as certain 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 amortised cost with the application of the effective interest rate:

- loans and advances granted as well as other own receivables not held for trading;
- held-to-maturity investments;
- non-derivative financial liabilities not held for trading;
- financial assets for which fair value cannot be determined reliably.

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

The method of settling interest coupons, commissions/fees and certain external costs connected with the financial instruments (with the effective interest rate method or 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.

And 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 collection of the above commissions and fees constitutes 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 risk of impairment was identified, interest income is charged to the income statement on the basis of net investment defined as the difference between the gross exposure value (having regard for unsettled commissions) and impairment charge.

## **11.2. Impairment of financial assets valued at amortised cost and historical cost**

At each balance sheet date (at least once per quarter), the Group analyses whether there is an objective indication that a financial asset and/or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence for impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event or events have an impact on the future cash flow generated by the financial asset or the group of financial assets, assuming that reliable estimation is possible. Expected future losses are not taken into account in estimates of impairment.

If the Group identifies an evidence for impairment, an amount of the impairment loss is determined as the difference between the carrying amount of the loan and its economic value measured as the present value of estimated future cash flow discounted using the initial effective interest rate of contracts. Impairment loss is recognized in the income statement in correspondence with the provision account which adjusts assets value.

Loan receivables constitute the most significant class of financial assets recognized in the Group's balance sheet at amortised cost and subject to impairment.

### ***Evidence for impairment***

The analysis of the evidence indicating the risk of impairment is performed for individual loans as well as portfolios (groups) of loans. The list of objective evidence includes:

- significant financial problems of an issuer or a debtor;
- a breach of contract, e.g. failure to pay or delaying payment of interest or the principal amount;
- granting a facility by the lender to the borrower, for economic or legal reasons related to the borrower's financial problems, where such a facility would not have been granted otherwise;
- high probability of the borrower's bankruptcy or their another financial reorganisation.

If there is no evidence that the impairment occurred, the previously recognized impairment losses are reversed through income statement.

### ***Measurement of individual impairment***



Individual impairment is measured mainly for loan receivables over a specific exposure level, for which certain individual evidence indicating impairment was identified. The process of estimating future, expected cash flow is carried out in a specially dedicated IT tool. Expected future cash flows from collateral are estimated on the basis of debt recovery value which is calculated with the application of periodically verified adjusting indicators determined for each type of hedging on the basis of historical data collected by the Bank concerning the time of debt collection process, recovered amounts from hedging and their value determined in the valuation. The quality of the measurement of individual impairment of loan receivables is verified during a multi-stage independent control process.

### **Measurement of collective impairment**

A collective analysis is conducted in the following cases:

- In the event where no objective evidence for loan impairment assessed on individual basis occurred, regardless of whether or not it constitutes a significant reporting item, such exposure is included in the credit portfolio of similar nature and the collective analysis of the impairment is conducted.
- In the event of objective evidence for the impairment of an asset which is not individually significant (below the defined exposure level).

Homogenous loans portfolios are created basing upon similar characteristics of credit risks that are specific for the defined groups of customers and products. The collective impairment is measured basing on historical parameters of losses generated by similar assets portfolios. Historical trends of losses are cleared of one-off events. The following issues, apart from corrected historical trends, have a material impact on the level of the collective impairment:

- fluctuations in the receivables portfolios;
- the Group's operating effectiveness in credit risk management processes, particularly taking into account the restructuring and debt collecting activities;
- Poland's macroeconomic situation.

### **11.3. Value of deferred tax assets**

In the Bank, the probability of realising net deferred tax asset is determined on the basis of financial plans and tax forecasts prepared by the Bank's Management Board, updated on an ongoing basis as at the end of each quarter, having regard for the prudence principle.

The subsidiaries recognize a deferred tax liability for all temporary differences whereas the deferred tax asset is recognized to the amount which is justified by financial projections approved by the Management Boards of the companies concerning the possibility of realizing this asset.

### **11.4. Investment properties**

Under IAS 40 and pursuant to the policy of the Group's main shareholder, the Group values investment properties at cost.

### **11.5. Goodwill**

As of 01.01.2004, the Group ceased to amortize goodwill. Once a year, the Group performs a recognized net goodwill impairment test based on the models which comply with the IAS/IFRS requirements based on generally applied rules of equity investments measurement, among others, they take into consideration discounted future cash flow.

## 12. After balance sheet events

On 29.10.2009, the Bank informed that the District Court for the capital city of Warsaw, 12<sup>th</sup> Economic Division of the National Court Register, had registered amendments in the Bank's By-laws resulting from Resolutions No. 22 and 23 of the Ordinary General Meeting of Shareholders of Kredyt Bank S.A. held on 27.05.2009.

Apart from the above events, no significant events which should be disclosed in the 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 votes at GMS

The table below presents the list of major shareholders of Kredyt Bank S.A. as at 30.09.2009.

Shareholder	Line of business	Number of shares and votes at GMS	Share in votes and in share capital (in %)
KBC Bank NV*	Banking	217 327 103	80.00
KBC Securities – related party of KBC Bank NV *	Brokerage house	11 751 771	4.32
KBL European Private Bankers SA – an entity from KBC Group	Banking	7 860 918	2.89

\* By the Resolution of the Commission for Banking Supervision No. 81/KNB/01 of 17 September 2001, KBC Bank N.V. is entitled to exercise no more than 75% of votes at the General Meeting of Shareholders of Kredyt Bank S.A.

On 04.09.2009, two subsidiaries of KBC Group N.V.: KBC Securities NV and KBL European Private Bankers S.A. acquired, from Sofina SA, the shares of Kredyt Bank S.A. (with the settlement date: 7.09.2009):

Sofina SA sold 13,301,000 shares of Kredyt Bank S.A., which accounts for 4.89% in the capital and votes at the General Meeting of Shareholders of Kredyt Bank S.A. Prior to the sale, Sofina SA held 15,014,772 shares, which accounted for 5.53% in the capital and votes at the General Meeting of Shareholders of Kredyt Bank S.A. Following the sale, Sofina SA holds 1,713,772 shares, which accounts for 0.63% in the capital and votes at the General Meeting of Shareholders of Kredyt Bank S.A.

KBC Securities NV acquired 5,440,082 shares of Kredyt Bank S.A., which accounts for 2.00% in the capital and votes at the General Meeting of Shareholders of Kredyt Bank S.A. Prior to the acquisition, KBC Securities NV held 6,311,689 shares, which accounted for 2.32% in the capital and votes at the General Meeting of Shareholders of Kredyt Bank S.A. Following the acquisition, KBC Securities NV holds 11,751,771 shares, which accounts for 4.32% in the capital and votes at the General Meeting of Shareholders of Kredyt Bank S.A.

KBL European Private Bankers S.A. acquired 7,860,918 shares of Kredyt Bank S.A. accounting for 2.89% in the capital and votes at the General Meeting of Shareholders of Kredyt Bank S.A. Prior to the acquisition, KBL European Private Bankers S.A. did not hold any shares of Kredyt Bank S.A.

Following the above transactions, KBC Group holds:

- in the investment portfolio: 80% of shares of KB S.A., i.e. 217,327,103 shares, via KBC Bank;
- in the portfolio of securities for sale: 4.32% of shares, i.e. 11,751,771 shares via KBC Securities and 2.89% of shares, i.e. 7,860,918 shares via KBL EPB.

Voting rights of KBC Group and its subsidiaries: KBC Bank, KBC Securities and KBL EPB will be limited to 203,744,160 votes, representing 75% of votes.

KBC Group and its subsidiaries: KBC Bank, KBC Securities and KBL EPB do not intend to increase their shares in the total number of votes within 12 months from the date of the notice.

KBC Group and its subsidiaries: KBC Bank, KBC Securities and KBL EPB did not enter into any agreements with third parties concerning the exercise of the voting rights.

On 18.12.2007, the Management Board of Kredyt Bank S.A. was informed by Pioneer Pekao Investment Management S.A. ('PPIM' based in Warsaw) that, on 17.12.2007, PPIM had held over 5% of total votes at the General Meeting of Shareholders of Kredyt Bank S.A. concerning the financial instruments included in the portfolios managed within the services of managing broker-traded financial instruments upon order provided by PPIM and in performance of the agreement on the management of broker-traded financial instruments upon order, concluded between Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych S.A. and PPIM.

Under Resolution No. 82/09 of the Management Board of Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository for Securities) of 24.02.2009, on 2.03.2009, 579 series P registered ordinary shares of Kredyt Bank S.A. which were assigned the code: PLKRDTB00094 were converted into ordinary bearer shares which were assigned the code: PLKRDTB00151.

In addition, under Resolution No. 97/09 of the Management Board of Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository for Securities) of 11.03.2009, on 16.03.2009, 579 series P bearer shares of Kredyt Bank S.A. which were assigned the code: PLKRDTB00151 were assimilated with 271,592,437 shares which were assigned the code: PLKRDTB00011. The shares to be assimilated are the assigned the code: PLKRDTB00011. At the same time, the shares were admitted, under the ordinary procedure, to public trading on the main market.

#### **14. The Bank's shares and the shares in the Group's subsidiaries held by the Management Board and the Supervisory Board Members**

As at 30.06.2009, Mr. Marek Michałowski, a Member of the Bank's Supervisory Board, held 1,000 shares of Kredyt Bank S.A. with the nominal value of PLN 5 thousand. Other 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 2009, 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 company of the Group is the defendant and in which the amounts claimed are the highest.

- 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. The parties exchanged pleadings. 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.

- Claims of LFO for damages due to the termination of the loan agreement amounting to PLN 119,477 thousand. At present, after being heard by courts of all instances, the case was referred to the circuit court in Warsaw, which, as a result of LFO bankruptcy, stayed legal proceedings. Upon the request of LFO, the court called upon the trustee in bankruptcy of LFO to participate in the case. In the meantime, the parties submitted pleadings.
- A trustee in bankruptcy of a company operating in the real estate developing sector (the name of the company is subject to confidentiality application) claims for payment of indemnity of PLN 32,256 thousand by the reason of effecting by the Bank of financial orders from the company's account on the basis of bank transfers orders and checks bearing a forged signature of one of the persons authorized to represent the company in dealings with the Bank. At the hearing on 21.11.2006, the plaintiff limited its claim for interest. The total amount claimed by the plaintiff equals PLN 20,665 thousand. On 20.03.2007, the court announced its decision and claimed the whole disputed amount with interest from the Bank. Having received the justification of the judgment, the Bank lodged the appeal and requested to summon the member of the company's management board who had forged signatures. By the judgment of 8.04.2008, the appeal court overruled the judgment of the court of first instance (in the judgment, the court stated that the limitation of claims for damages by lapse of time had not been examined) and referred the case to the circuit court to be re-examined. The first hearing at which the positions of the parties were established was held on 25.07.2008. At the hearing on 3.07.2009, the court continued the examination of the facts concerning the original bank transfer orders. The circuit court received the requested material evidence in the criminal case. At present, the court and the parties are reading the documentation. The Bank upholds the charge of the limitation of the trustee in bankruptcy's claims by lapse of time. Should the court fail to accept this charge, there is a substantial probability of recognizing that the Bank's liability will be limited to the amount equal to the value of bank transfers for which it is impossible to prove that they were made to pay the company's liabilities, i.e. solely to the extent to which the actions of the member of the company's Management Board were detrimental to this company. This Bank's opinion is confirmed by the information obtained in the fourth quarter of 2008 about the judgment in a criminal case against the former member of the Management Board in which the court stated that, by forging bank transfer documents, he had brought about damage to the company worth PLN 400 thousand.
- 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. 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 interchange 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 3.02.2009, the Bank received the appeal against the judgment made by the President of the Office for Competition and Customer Protection. The Bank submitted its reply to the appeal of the President of the Office for Competition and Customer Protection.

- In relation to a loan transaction to finance the construction of 'Altus' building in Katowice, the Bank and Reliz Sp. z o.o. (the building owner) are involved in certain disputes of legal nature. The Bank owns 100% shares of Reliz. The said disputes are related to claims of the guarantor of the loan to finance the building, i.e. Mostostal Zabrze Holding S.A., against the Bank and the owner of the building. The present dispute concerns fraudulent conveyance charge by Mostostal Zabrze Holding S.A. against Reliz Sp. z o.o. regarding the failure to recognize the agreement on the transfer of ownership title to 'Altus' building by Business Center 2000 Sp. Z o.o. ('BC 2000') to Reliz Sp. z o.o. as effective. The value of the subject of litigation amounts to PLN 46 million. On 31.07.2009, the circuit court in Katowice announced the judgment in the fraudulent conveyance proceedings, which ascertained the ineffectiveness, towards MZH, of the sale agreement concerning 'Altus' building concluded between the owner of the building and Reliz Sp. z o.o. The Bank filed the request to prepare and deliver the judgment with the justification.
- The claim to pay PLN 9 million is directly related to the effective debt recovery measures taken by the Bank against a beer producer and distributor. At the end of August and the beginning of September 2007, the court debt collector, acting upon the Bank's request, seized the company's account and collected PLN 8.7 million from the proceeds to the account. In the justification for the suit, the company challenges the legitimacy and legal grounds of the Bank's debt collection process. It based its claim on the institution of groundless enrichment by the Bank concerning the collected amount and on the Bank's liability in tort related to the company's loss due to the Bank's allegedly illegal debt collection process (concerning the remaining amount). The Bank replied to the lawsuit. At the hearing on 25.07.2008, the court closed the proceedings and, on 4.08.2008, rendered its judgment. The court awarded the whole claimed amount (including interest) and proceedings costs to the plaintiff. Both the plaintiff and the Bank appealed against this judgment. On 30.06.2009, the court dismissed the appeal of the plaintiff, taking the decision in the case in favour of the Bank. The written justification of the judgment was filed in the Bank on 22.09.2009. The plaintiff has the opportunity to file the last resort appeal.
- 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 submitted a reply to the lawsuit on its own and HSBC's behalf. The date of the hearing will be designated by the court ex officio.
- The plaintiff (a company engaged in leasing activities) claims damages from Kredyt Bank S.A. and HSBC Bank Polska S.A. of PLN 89 million. 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 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 bill agreement, wrote the bill of exchange incorrectly and lodged a completely unjustified lawsuit. The plaintiff claims that the order for payment of 11.01.1999 issued by the District Court resulted in the collapse of the company's financial situation; as a result, the plaintiff recorded damage to his assets of PLN 73.7 million increased with interest. The Bank replied to the lawsuit. The date of the hearing was set to 8.01.2010.

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**

In the third quarter of 2009 and in the third quarter of 2008, there were no related party transactions concluded by the Bank or its subsidiaries, which were not concluded on market terms.

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

As of 30.09.2009 and 30.09.2008, neither the Bank nor its subsidiaries issued guarantees with the total value of at least 10% of the Bank's equity, to one company or entities of one capital group.

## **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**

Both in the third quarter of 2009 and in the third quarter of 2008, no untypical events occurred in the Group (not related to 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 this report.

## **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**

Mr. Jan Vanhevel, a Member of the Supervisory Board of Kredyt Bank S.A., filed, on 16.09.2009, his resignation from the function of a Member of the Supervisory Board of Kredyt Bank S.A. At the same time, the Supervisory Board appointed, on 16.09.2009, Mr. Ronny Delchambre as a Member of the Supervisory Board of Kredyt Bank S.A. by co-opting him to its composition.

## **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:

- slower growth of household income due to a substantial decrease in the demand for labour (expected maintenance of the negative real growth rate of the wages fund and an increase in unemployment), which, in medium term, limits the chances for the fast recovery of the consumer demand and, in the short term, may translate to further deterioration of the quality of the portfolio of receivables in the area of instalment and cash loans;
- 'remortgage' of retail customers due to the limited use of information from BIK (Credit Information Office) by the banking sector, and hence giving an opportunity to obtain many credits and loans by the same customer in multiple institutions, what may result in the insolvency of these customers;
- persistence of the low demand for export, only partially compensated for, at the level of the financial results of companies, by the depreciation of the Polish zloty;
- in the medium-term perspective – a low level of investment activities in the sector of enterprises in view of demand restrictions;
- persisting high costs of long-term liquidity both in PLN and in foreign currencies;
- high costs of sourcing and maintaining deposits;
- a decrease in prices on the real properties market;
- potential new depreciation of the Polish zloty and, as a result, e.g. an increase in the risk due to the commitment of the Bank's customers to currency derivative transactions and the deterioration of the quality of the loans portfolio in foreign currencies;
- despite a significant improvement of sentiments on financial markets, the reconstruction of the demand for investment products offered by the Group seems to be quite unlikely in view of the persisting high aversion of customers to risk and in view of the still attractive deposit offer of the Bank.

**23. Standalone condensed financial statements of Kredyt Bank S.A.****23.1. Income Statement**

	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009	3 <sup>rd</sup> quarter of 2008	Three quarters of 2008
<i>in PLN '000'</i>	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009	01.07.2008 - 30.09.2008	01.01.2008 - 30.09.2008
Interest income	507 403	1 584 726	559 500	1 518 720
Interest expense	-285 540	-956 438	-332 509	-882 390
<b>Net interest income</b>	<b>221 863</b>	<b>628 288</b>	<b>226 991</b>	<b>636 330</b>
Fee and commission income	108 877	302 214	99 566	279 644
Fee and commission expense	-31 228	-90 154	-26 383	-67 071
<b>Net fee and commission income</b>	<b>77 649</b>	<b>212 060</b>	<b>73 183</b>	<b>212 573</b>
Dividend income	33	120 792	401	10 067
Net trading income	41 683	125 836	77 418	178 942
Net result on derivatives used as hedging instruments and hedged items	470	557	3 323	449
Net gains from investment activities	-87	4 426	-52	178
Other operating income	19 008	52 766	15 388	37 427
<b>Total operating income</b>	<b>360 619</b>	<b>1 144 725</b>	<b>396 652</b>	<b>1 075 966</b>
General and administrative expenses	-205 800	-639 971	-215 747	-651 761
Net impairment losses on financial assets, other assets and provisions	-146 829	-425 122	-38 401	-71 828
Other operating expenses	-8 600	-25 519	-6 129	-24 357
<b>Total operating expenses</b>	<b>-361 229</b>	<b>-1 090 612</b>	<b>-260 277</b>	<b>-747 946</b>
<b>Net operating income</b>	<b>-610</b>	<b>54 113</b>	<b>136 375</b>	<b>328 020</b>
<b>Gross profit/loss</b>	<b>-610</b>	<b>54 113</b>	<b>136 375</b>	<b>328 020</b>
Income tax expense	-1 316	11 709	-27 932	-66 467
<b>Net profit/loss from business activities</b>	<b>-1 926</b>	<b>65 822</b>	<b>108 443</b>	<b>261 553</b>
Net profit from discontinued operations	0	0	0	0
<b>Net profit/loss</b>	<b>-1 926</b>	<b>65 822</b>	<b>108 443</b>	<b>261 553</b>
Including:				
<b>attributable to the Shareholders of the Bank</b>	<b>-1 926</b>	<b>65 822</b>	<b>108 443</b>	<b>261 553</b>
Weighted average number of ordinary shares	271 658 880	271 658 880	271 658 880	271 658 880
Earnings/loss per ordinary share (in PLN)	-0.01	0.24	0.40	0.96



**23.2. Statement of Comprehensive Income**

	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009	3 <sup>rd</sup> quarter of 2008	Three quarters of 2008
in PLN '000'	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009	01.07.2008 - 30.09.2008	01.01.2008 - 30.09.2008
<b>Net profit/loss for the period</b>	<b>-1 926</b>	<b>65 822</b>	<b>108 443</b>	<b>261 553</b>
Valuation of financial assets available-for-sale (including deferred tax)	24 024	-10 583	63 145	12 319
Effects of valuation of derivatives designated for future cash flow hedge (including deferred tax)	2 391	-70 676	67 226	23 919
<b>Other comprehensive income recognized directly in equity</b>	<b>26 415</b>	<b>-81 259</b>	<b>130 371</b>	<b>36 238</b>
<b>Total comprehensive income for the period</b>	<b>24 489</b>	<b>-15 437</b>	<b>238 814</b>	<b>297 791</b>
Including:				
<b>attributable to the Shareholders of the Bank</b>	<b>24 489</b>	<b>-15 437</b>	<b>238 814</b>	<b>297 791</b>

**23.3. Balance Sheet**

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
<b>Assets</b>				
Cash and balances with Central Bank	894 259	1 757 654	827 956	941 250
Gross loans and advances to banks	222 499	499 108	340 859	851 227
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 261	-2 260
Receivables arising from repurchase transactions	10 076	7 001	0	0
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 645 204	2 508 331	1 347 027	1 740 151
Derivatives including:	739 419	1 125 105	2 302 799	939 444
- Derivatives used as hedging instruments	57 538	66 014	166 954	42 051
Gross loans and advances to customers	27 880 649	29 101 959	27 853 155	23 112 476
Impairment losses on loans and advances to customers	-1 199 214	-1 069 644	-927 457	-866 328
Investment securities:	7 643 573	6 239 762	6 232 624	5 868 907
- available-for-sale	5 489 702	4 334 406	4 359 740	4 088 433
- held-to-maturity	2 153 871	1 905 356	1 872 884	1 780 474
Investments in subsidiaries, associates and jointly controlled entities	66 000	66 000	66 075	66 061
Property, plant and equipment	368 797	368 094	398 201	379 355
Intangible assets	52 565	53 930	57 854	56 659
Deferred tax asset	142 943	159 547	44 509	65 666
Other assets	89 778	123 863	79 781	84 208
<b>Total assets</b>	<b>38 554 288</b>	<b>40 938 450</b>	<b>38 621 122</b>	<b>33 236 816</b>

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
<b>Liabilities</b>				
Amounts due to Central Bank	1 568 301	2 660 640	1 113 275	1 611
Amounts due to banks	10 641 655	11 120 518	11 915 013	8 336 974
Derivatives including:	695 271	1 036 593	1 890 221	658 136
- Derivatives used as hedging instruments	482	2 368	1 708	10 903
Amounts due to customers	22 068 791	22 469 455	20 555 309	20 400 997
Liabilities arising from repurchase transactions	0	0	8 991	979 643
Current tax liability	19 653	46 962	28 916	1 229
Provisions	35 381	49 759	30 379	66 180
Other liabilities	147 419	165 277	220 155	186 056
Subordinated liabilities	814 034	849 952	279 643	215 606
<b>Total liabilities</b>	<b>35 990 505</b>	<b>38 399 156</b>	<b>36 041 902</b>	<b>30 846 432</b>

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
<b>Equity</b>				
Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Supplementary capital	782 046	782 046	580 974	580 974
Revaluation reserve	16 679	-9 736	97 938	-51 379
Reserves	340 942	340 942	240 942	240 942
Retained earnings/loss	0	0	0	0
Current net profit (loss) attributable to the Shareholders of the Bank	65 822	67 748	301 072	261 553
<b>Total equity</b>	<b>2 563 783</b>	<b>2 539 294</b>	<b>2 579 220</b>	<b>2 390 384</b>
<b>Total equity and liabilities</b>	<b>38 554 288</b>	<b>40 938 450</b>	<b>38 621 122</b>	<b>33 236 816</b>

Capital adequacy ratio (%)	11.64	11.06	8.93	9.52
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	9.44	9.35	9.49	8.80

**23.4. Off-balance Sheet Items**

<i>in PLN '000'</i>	<b>30.09.2009</b>	<b>30.06.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
<b>Liabilities granted and received</b>				
Liabilities granted, including:	5 826 270	5 942 821	7 222 060	6 658 176
- financial	4 014 385	4 068 165	5 401 454	5 079 329
- guarantees	1 811 885	1 874 656	1 820 606	1 578 847
Liabilities received, including:	2 329 511	1 404 799	1 836 299	1 688 862
- financial	930 422	7 512	528 748	516 360
- guarantees	1 399 089	1 397 287	1 307 551	1 172 502
<b>Liabilities related to the sale/purchase transactions</b>	<b>109 208 878</b>	<b>146 723 571</b>	<b>279 092 521</b>	<b>311 095 732</b>
<b>Other</b>	<b>6 356 773</b>	<b>6 056 165</b>	<b>4 742 296</b>	<b>4 138 039</b>
- collateral received	6 356 773	6 056 165	4 742 296	4 138 039

**23.5. Statement of Changes in Equity****Changes in the period 01.01.2009 – 30.09.2009**

<i>in PLN '000'</i>	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings/loss	Net profit/loss for the period	Total equity
<b>Equity at opening balance – as of 01.01.2009</b>	<b>1 358 294</b>	<b>580 974</b>	<b>97 938</b>	<b>240 942</b>	<b>301 072</b>	<b>0</b>	<b>2 579 220</b>
Valuation of financial assets available-for-sale			-13 065				-13 065
Effects of valuation of derivatives designated for cash flow hedge			-87 254				-87 254
Deferred tax on items recognized in equity			19 060				19 060
<b>Net profit/loss recognized directly in the equity</b>			<b>-81 259</b>				<b>-81 259</b>
Net profit/loss for the period						65 822	65 822
<b>Total of recognized income and expenses</b>			<b>-81 259</b>			<b>65 822</b>	<b>-15 437</b>
Profit allowance		201 072		100 000	-301 072		0
<b>Equity at end of period – as of 30.09.2009</b>	<b>1 358 294</b>	<b>782 046</b>	<b>16 679</b>	<b>340 942</b>	<b>0</b>	<b>65 822</b>	<b>2 563 783</b>

## Changes in the period 01.01.2008 – 31.12.2008

<i>in PLN '000'</i>	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings/loss	Net profit/loss for the period	Total equity
<b>Equity at opening balance – as of 01.01.2008</b>	<b>1 358 294</b>	<b>381 718</b>	<b>-87 617</b>	<b>180 942</b>	<b>400 519</b>	<b>0</b>	<b>2 233 856</b>
Valuation of financial assets available-for-sale			80 069				80 069
Effects of valuation of derivatives designated for cash flow hedge			149 012				149 012
Deferred tax on items recognized in equity			-43 526				-43 526
<b>Net profit/loss recognized directly in the equity</b>			<b>185 555</b>				<b>185 555</b>
Net profit/loss for the period						301 072	301 072
<b>Total of recognized income and expenses</b>			<b>185 555</b>			<b>301 072</b>	<b>486 627</b>
Profit allowance		199 256		60 000	-259 256		
Dividends					-141 263		-141 263
<b>Equity at end of period – as of 31.12.2008</b>	<b>1 358 294</b>	<b>580 974</b>	<b>97 938</b>	<b>240 942</b>	<b>0</b>	<b>301 072</b>	<b>2 579 220</b>

## Changes in the period 01.01.2008 – 30.09.2008

	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings/loss	Net profit/loss for the period	Total equity
<i>in PLN '000'</i>							
<b>Equity at opening balance – as of 01.01.2008</b>	<b>1 358 294</b>	<b>381 718</b>	<b>-87 617</b>	<b>180 942</b>	<b>400 519</b>	<b>0</b>	<b>2 233 856</b>
Valuation of financial assets available-for-sale			15 208				15 208
Effects of valuation of derivatives designated for cash flow hedge			29 530				29 530
Deferred tax on items recognized in equity			-8 500				-8 500
<b>Net profit/loss recognized directly in the equity</b>			<b>36 238</b>				<b>36 238</b>
Net profit/loss for the period						261 553	261 553
<b>Total of recognized income and expenses</b>			<b>36 238</b>			<b>261 553</b>	<b>297 791</b>
Profit allowance		199 256		60 000	-259 256		0
Dividends					-141 263		-141 263
<b>Equity at end of period – as of 30.09.2008</b>	<b>1 358 294</b>	<b>580 974</b>	<b>-51 379</b>	<b>240 942</b>	<b>0</b>	<b>261 553</b>	<b>2 390 384</b>

**23.6. Cash Flow Statement**

	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009	3 <sup>rd</sup> quarter of 2008	Three quarters of 2008
<i>in PLN '000'</i>	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009	01.07.2008 - 30.09.2008	01.01.2008 - 30.09.2008
<b>Net cash flow from operating activities</b>				
<b>Net profit (loss)</b>	<b>-1 926</b>	<b>65 822</b>	<b>108 443</b>	<b>261 553</b>
<b>Adjustments to net profit (loss) and net cash from operating activities:</b>	<b>156 030</b>	<b>334 326</b>	<b>-1 336 445</b>	<b>-2 611 965</b>
Current and deferred tax recognized in financial result	1 316	-11 709	27 932	66 467
Non-realised profit (loss) from currency translation differences	33 497	9 453	-2 228	2 971
<b>Investing and financing activities</b>	<b>-53 926</b>	<b>-16 758</b>	<b>-4 757</b>	<b>-27 210</b>
Depreciation	24 376	73 795	22 152	62 596
Net increase/decrease in impairment	128 417	272 416	28 901	26 204
Dividends	-33	-120 792	-401	-10 067
Interest	-149 619	-200 671	-52 869	-62 619
Net increase/decrease in provisions	-14 378	5 002	-738	-39 544
Profit (loss) on disposal of investments	-42 689	-46 508	-1 802	-3 780
<b>Net increase/decrease in operating assets (excluding cash)</b>	<b>2 504 896</b>	<b>1 072 532</b>	<b>-3 274 276</b>	<b>-6 845 617</b>
Net increase/decrease in loans and advances to banks	23 479	35 144	250 884	228 548
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	1 232 579	1 150 865	-885 252	-1 728 820
Net increase/decrease in receivables arising from repurchase transactions	-3 075	-10 076	0	0
Net increase/decrease in gross loans and advances to customers	1 221 309	-27 494	-2 752 174	-5 374 424
Paid/received income tax	-16 422	-94 047	-7 162	-22 719
Net increase/decrease in other assets	47 026	18 140	119 428	51 798
<b>Net increase/decrease in operating liabilities</b>	<b>-2 329 753</b>	<b>-719 192</b>	<b>1 916 884</b>	<b>4 191 424</b>
Net increase/decrease in amounts due to Central Bank	-1 092 339	455 026	21	-1 100 050
Net increase/decrease in amounts due to banks	-477 139	-1 433 026	148 996	1 014 494
Net increase/decrease in derivatives	-339 436	-1 193 724	-82 419	217 041
Net increase/decrease in amounts due to customers	-400 664	1 513 482	902 394	3 220 266
Net increase/decrease in liabilities arising from repurchase transactions	0	-8 991	979 643	929 517
Net increase/decrease in other liabilities	-20 175	-51 959	-31 751	-89 844
<b>Net cash flow from operating activities</b>	<b>154 104</b>	<b>400 148</b>	<b>-1 228 002</b>	<b>-2 350 412</b>



	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009	3 <sup>rd</sup> quarter of 2008	Three quarters of 2008
<i>in PLN '000'</i>	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009	01.07.2008 - 30.09.2008	01.01.2008 - 30.09.2008
<b>Net cash flow from investing activities</b>				
<b>Inflows</b>	<b>2 060 047</b>	<b>5 202 163</b>	<b>48 210</b>	<b>588 308</b>
Disposal of property, plant and equipment and intangible assets	114	114	1 887	1 907
Disposal of investment securities	1 976 391	4 851 049	5 982	422 753
Dividends	33	120 792	401	10 067
Interest received	83 509	230 208	39 940	153 581
<b>Outflows</b>	<b>-3 296 689</b>	<b>-6 220 187</b>	<b>-61 091</b>	<b>-881 628</b>
Acquisition of property, plant and equipment and intangible assets	-24 702	-46 986	-17 815	-118 947
Acquisition of investment securities	-3 271 987	-6 173 201	-43 276	-762 681
<b>Net cash flow from investing activities</b>	<b>-1 236 642</b>	<b>-1 018 024</b>	<b>-12 881</b>	<b>-293 320</b>
<b>Cash flow from financing activities</b>				
<b>Inflows</b>	<b>0</b>	<b>1 949 087</b>	<b>1 124 505</b>	<b>2 249 783</b>
Proceeds from a subordinated loan	0	560 116	0	209 580
Proceeds from loans and advances	0	1 388 971	1 124 505	2 040 203
<b>Outflows</b>	<b>-33 986</b>	<b>-1 348 123</b>	<b>-191 542</b>	<b>-653 047</b>
Repayment of subordinated liabilities	0	0	0	-375 045
Dividends	0	0	-141 263	-141 263
Repayment of loans and advances	0	-1 200 000	0	0
Other financial outflows	-33 986	-148 123	-50 279	-136 739
<b>Net cash flow from financing activities</b>	<b>-33 986</b>	<b>600 964</b>	<b>932 963</b>	<b>1 596 736</b>
<b>Net increase/decrease in cash</b>	<b>-1 116 524</b>	<b>-16 912</b>	<b>-307 920</b>	<b>-1 046 996</b>
<b>Cash at the beginning of the period</b>	<b>2 060 843</b>	<b>961 231</b>	<b>1 950 817</b>	<b>2 689 893</b>
<b>Cash at the end of the period, including:</b>	<b>944 319</b>	<b>944 319</b>	<b>1 642 897</b>	<b>1 642 897</b>
Restricted cash	753 453	753 453	752 627	752 627

### 23.7. Notes to the standalone condensed financial statements

Accounting principles and methods of carrying accounting estimates adopted at the preparation of the standalone condensed interim financial statements of the Bank comply with the accounting principles adopted for the interim consolidated financial statements of Kredyt Bank S.A. Capital Group, which were described in section 11.

**Signatures of the Members of the Management Board**

date	13.11.2009	Maciej Bardan	President of the Management Board	.....
date	13.11.2009	Lidia Jabłonowska-Luba	Vice President of the Management Board	.....

**Signature of a person responsible for keeping the accounting books**

date	13.11.2009	Grzegorz Kędzior	Director of Accounting and External Reporting Department	.....
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