Interim Consolidated Financial Statements of Kredyt Bank S.A. Capital Group prepared for the first half of 2011 ended on 30.06.2009 with Independent Auditor's Review Report

Independent Auditors' Review Report on the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2009

To the Supervisory Board of Kredyt Bank S.A.

1. We have reviewed the attached interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group ('the Group') where Kredyt Bank S.A. is the dominant entity ('the Bank'), and is located at Kasprzaka 2/8 in Warsaw, including:
   - the interim consolidated income statement for the period from 1 January 2009 to 30 June 2009 with a net profit amounting to 4.053 thousand zlotys,
   - the interim consolidated statement of comprehensive income for the period from 1 January 2009 to 30 June 2009 with a total comprehensive loss amounting to 103.621 thousand zlotys,
   - the interim consolidated statement of financial position as of 30 June 2009 with total assets amounting to 41.101.940 thousand zlotys,
   - the interim consolidated statement of changes in equity for the period from 1 January 2009 to 30 June 2009 with a net decrease of equity amounting to 102.888 thousand zlotys,
   - the interim consolidated statement of cash flow for the period from 1 January 2009 to 30 June 2009 with a net cash inflow amounting to 1.099.619 thousand zlotys and
   - the interim condensed explanatory notes

('the attached interim condensed consolidated financial statements').

2. The truth and fairness[1] of the attached interim condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ('IAS 34') and the proper maintenance of the consolidation documentation are the responsibility of the Bank's Management Board. Our responsibility is to issue a report on these consolidated financial statements based on our review.

3. We conducted our review in accordance with the provisions of the law binding in Poland and auditing standards issued by the National Council of Statutory Auditors. These standards require that we plan and perform our review in such a way as to obtain moderate assurance as to whether the financial statements are free of material misstatement. The review was mainly based on applying analytical procedures to the financial data, review of accounting records and discussions with the management of the Bank as well as its employees. The scope of work[2] of a review differs significantly from an audit of financial statements, the objective of which is to express an opinion on the truth and fairness[3] of the financial statements. Review provides less assurance than audit. We have not performed an audit of the attached interim condensed consolidated financial statements and, accordingly, do not express an audit opinion.

4. Our review did not reveal the need to make material changes for the attached interim condensed consolidated financial statements to present truly and fairly[4] in all material respects the financial

[1] Translation of the following expression in Polish language: "prawidłowość, *rzetelność i jasność*"
[2] In Polish language two expressions are used ("*zakres i metoda")* that in English language translation are covered by one expression "the scope of work"
[3] Translation of the following expression in Polish language: "*prawidłowo*, *rzetelnie i jasno*"
[4] Translation of the following expression in Polish language: "*rzetelny, prawidłowy i jasny*"

position of the Group as at 30 June 2009 and the financial result, for the six months ended 30 June 2009 in accordance with IAS 34.

on behalf of
Ernst & Young Audit sp. z o.o.
Rondo ONZ 1, 00-124 Warsaw
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Certified Auditor
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Dorota Snarska – Kuman

Witold Czyż
Certified Auditor
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Warsaw, 20 August 2009

Interim Condensed Consolidated Financial Statements of Kredyt Bank S.A. Capital Group for the First Half of 2009 Ended on 30.06.2009

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1. Consolidated Income Statement

in PLN '000'	**Note**	**01.01.2009 - 30.06.2009** *non-audited*	**Comparable data 01.01.2008 - 30.06.2008** *non-audited*
Interest income	12	1 185 492	1 041 717
Interest expense	13	-669 355	-548 409
Net interest income		**516 137**	**493 308**
Fee and commission income	14	204 870	184 280
Fee and commission expense	15	-58 942	-40 688
Net fee and commission income		**145 928**	**143 592**
Dividend income		1 597	648
Net trading income		85 615	101 767
Net result on derivatives used as hedging instruments and hedged items		87	-2 874
Net gains from investment activities		3 917	234
Other operating income		59 660	40 809
Total operating income		**812 941**	**777 484**
General and administrative expenses	16	-518 046	-535 829
Net impairment losses on financial assets, other assets and provisions		-273 331	-33 050
Other operating expenses		-20 285	-20 120
Total operating expenses		**-811 662**	**-588 999**
Net operating income		**1 279**	**188 485**
Share of profit (loss) of associates		697	-912
Profit before tax		**1 976**	**187 573**
Income tax expense	17	2 077	-42 765
Net profit from business activities		**4 053**	**144 808**
Net profit from discontinued operations		0	0
Net profit		**4 053**	**144 808**
Including:			
attributable to the Shareholders of the Bank		**4 053**	**144 808**
Per minority interests		0	0
Weighted average number of ordinary shares		271 658 880	271 658 880
Earnings per ordinary share (in PLN)		**0.01**	**0.53**

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

2. Consolidated Statement of Comprehensive Income

in PLN '000'	**01.01.2009 - 30.06.2009** *non-audited*	**Comparable data 01.01.2008 - 30.06.2008** *non-audited*
Net profit/loss for the period	**4 053**	**144 808**
Valuation of financial assets available-for-sale (including deferred tax)	-34 607	-50 826
Effects of valuation of derivatives designated for cash flow hedge (including deferred tax)	-73 067	-43 307
Other comprehensive income recognized directly in equity	**-107 674**	**-94 133**
Total comprehensive income (losses) for the period	**-103 621**	**50 675**
Including:		
attributable to the Shareholders of the Bank	**-103 621**	**50 675**

The consolidated statement of comprehensive income should be analyzed jointly with notes, which form an integral part of the financial statements

3. Consolidated Balance Sheet

in PLN '000'	Note	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Assets				
Cash and balances with Central Bank		1 757 667	827 972	1 365 384
Gross loans and advances to banks	19	499 400	340 865	985 910
Impairment losses on loans and advances to banks	19	-2 260	-2 261	-2 260
Receivables arising from repurchase transactions		7 001	0	12 523
Financial assets at fair value through profit or loss, including held-for-trading financial assets (excluding derivatives)	20	2 526 425	1 317 764	982 493
Derivatives including:		1 125 105	2 302 799	838 843
- derivatives used as hedging instruments		66 014	166 954	5 658
Gross loans and advances to customers	23	28 979 908	27 660 647	20 123 292
Impairment losses on loans and advances to customers	23	-1 094 673	-927 331	-835 722
Investment securities:	21	6 243 829	6 238 011	5 685 402
- available-for-sale		4 338 473	4 365 127	3 930 594
- held-to-maturity		1 905 356	1 872 884	1 754 808
Investments in associates valued using the equity method		10 827	10 131	11 262
Property, plant and equipment	24	395 145	421 866	404 218
Intangible assets		58 778	60 924	62 415
Goodwill on subordinated companies		36 052	36 052	36 052
Deferred tax assets	17	209 289	98 000	164 809
Investment properties		204 864	209 867	215 320
Other assets		144 583	135 370	139 029
Total assets		**41 101 940**	**38 730 676**	**30 188 970**

Consolidated Balance Sheet (cont.)

in PLN '000'	**Note**	**30.06.2009** *non-audited*	**Comparable data 31.12.2008**	**Comparable data 30.06.2008** *non-audited*
Liabilities				
Amounts due to Central Bank	25	2 660 640	1 113 275	1 590
Amounts due to banks	26	11 340 518	12 125 013	7 157 731
Derivatives including:		1 036 593	1 890 221	787 484
- derivatives used as hedging instruments		2 368	1 708	57 832
Amounts due to customers	27	22 370 493	20 275 366	19 338 765
Liabilities arising from repurchase transactions		0	8 991	0
Current tax liability		49 600	52 303	20 478
Provisions	28	69 978	59 474	122 672
Deferred tax liability	17	1 290	855	1 317
Other liabilities		180 251	280 022	364 417
Subordinated liabilities		849 952	279 643	208 800
Total liabilities		**38 559 315**	**36 085 163**	**28 003 254**

in PLN '000'	**Note**	**30.06.2009** *non-audited*	**Comparable data 31.12.2008**	**Comparable data 30.06.2008** *non-audited*
Equity				
Share capital	29	1 358 294	1 358 294	1 358 294
Supplementary capital		806 038	604 966	604 966
Revaluation reserve		-9 736	97 938	-181 750
Reserves		340 942	240 942	240 942
Currency translation differences from the translation of subordinated companies		0	-733	-733
Retained earnings/loss		43 034	19 189	19 189
Current net profit attributable to the Shareholders of the Bank		4 053	324 917	144 808
Total equity attributable to Shareholders of the Bank		**2 542 625**	**2 645 513**	**2 185 716**
Minority interest		0	0	0
Total equity		**2 542 625**	**2 645 513**	**2 185 716**
Total equity and liabilities		**41 101 940**	**38 730 676**	**30 188 970**

The consolidated balance sheet should be analyzed jointly with notes, which form an integral part of the financial statements

4. Consolidated Off-balance-sheet Items

in PLN '000'	Note	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Liabilities granted and received				
Liabilities granted:	33	**5 912 250**	**7 219 430**	**6 577 740**
- financial		4 028 037	5 389 649	5 248 116
- guarantees		1 884 213	1 829 781	1 329 624
Liabilities received:		**1 404 798**	**1 829 299**	**1 589 571**
- financial		7 512	521 748	479 175
- guarantees		1 397 286	1 307 551	1 110 396
Liabilities related to the sale/purchase transactions		**146 723 571**	**279 092 521**	**295 127 547**
Other:		**6 617 422**	**5 289 553**	**4 361 792**
- collateral received		6 615 878	5 288 009	4 360 248
- other		1 544	1 544	1 544

5. Statement of Changes in Consolidated Equity

Changes in the period 01.01.2009-30.06.2009 *non-audited*

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings (losses)	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Total equity attributable to minority shareholders	Total equity
Equity at opening balance – as of 01.01.2009	**1 358 294**	**604 966**	**97 938**	**240 942**	**-733**	**344 106**	**0**	**2 645 513**	**0**	**2 645 513**
Valuation of financial assets available-for-sale			-42 725					-42 725		-42 725
Effects of valuation of derivatives designated for cash flow hedge			-90 206					-90 206		-90 206
Deferred tax on items recognized in equity			25 257					25 257		25 257
Net profit/loss recognized directly in the equity			**-107 674**					**-107 674**		**-107 674**
Net profit/loss for the period							4 053	4 053		4 053
Total of recognized income and expenses			**-107 674**				**4 053**	**-103 621**		**-103 621**
Other changes					733			733		733
Profit allowance		201 072		100 000		-301 072		0		0
Equity at end of period – as of 30.06.2009	**1 358 294**	**806 038**	**-9 736**	**340 942**	**0**	**43 034**	**4 053**	**2 542 625**	**0**	**2 542 625**

The statement of changes in consolidated equity should be analyzed jointly with notes, which form an integral part of the financial statements

Changes in the period 01.01.2008-31.12.2008 (comparable data)

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings (losses)	Net profit/loss for the period	Total equity attributable to Shareholders of the Bank	Total equity attributable to minority shareholders	Total equity
Equity at opening balance – as of 01.01.2008	**1 358 294**	**383 711**	**-87 617**	**180 942**	**-733**	**441 707**	**0**	**2 276 304**	**0**	**2 276 304**
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
Net profit/loss recognized directly in the equity			**185 555**					**185 555**		**185 555**
Net profit/loss for the period							324 917	324 917		324 917
Total of recognized income and expenses			**185 555**				**324 917**	**510 472**		**510 472**
Profit allowance		221 255		60 000		-281 255		0		0
Dividends						-141 263		-141 263		-141 263
Equity at end of period – as of 31.12.2008	**1 358 294**	**604 966**	**97 938**	**240 942**	**-733**	**19 189**	**324 917**	**2 645 513**	**0**	**2 645 513**

Changes in the period 01.01.2008-30.06.2008 (comparable data) *non-audited*

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings (losses)	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Total equity attributable to minority shareholders	Total equity
Equity at opening balance – as of 01.01.2008	**1 358 294**	**383 711**	**-87 617**	**180 942**	**-733**	**441 707**	**0**	**2 276 304**	**0**	**2 276 304**
Valuation of financial assets available-for-sale			-62 749					-62 749		-62 749
Effects of valuation of derivatives designated for cash flow hedge			-53 465					-53 465		-53 465
Deferred tax on items recognized in equity			22 081					22 081		22 081
Net profit/loss recognized directly in the equity			**-94 133**					**-94 133**		**-94 133**
Net profit/loss for the period							144 808	144 808		144 808
Total of recognized income and expenses			**-94 133**				**144 808**	**50 675**		**50 675**
Profit allowance		221 255		60 000		-281 255		0		0
Cash designated for the payment of dividend						-141 263		-141 263		-141 263
Equity at end of period – as of 30.06.2008	**1 358 294**	**604 966**	**-181 750**	**240 942**	**-733**	**19 189**	**144 808**	**2 185 716**	**0**	**2 185 716**

6. Consolidated Cash Flow Statement

in PLN '000'	**01.01.2009 - 30.06.2009** *non-audited*	**Comparable data 01.01.2008 - 30.06.2008** *non-audited*
Cash flow from operating activities		
Net profit	**4 053**	**144 808**
Adjustments to net profit and net cash from operating activities:	**337 121**	**-1 301 877**
Current and deferred tax recognized in financial result	-2 077	42 765
Non-realised profit (loss) from currency translation differences	-33 842	5 199
Investing and financing activities	**171 424**	**-2 578**
Depreciation	57 811	49 674
Share of profit (loss) of associates	-697	912
Net increase/decrease in impairment	164 430	971
Dividends	-1 597	-648
Interest	-54 050	-12 746
Net increase/decrease in provisions	10 504	-38 362
Profit (loss) on disposal of investments	-4 977	-2 379
Net increase/decrease in operating assets (excluding cash)	**-1 543 501**	**-3 649 393**
Net increase/decrease in gross loans and advances to banks	11 390	-22 336
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	-129 072	-906 413
Net increase/decrease in receivables arising from repurchase transactions	-7 001	0
Net increase/decrease in gross loans and advances to customers	-1 319 261	-2 667 108
Paid/received income tax	-104 090	-21 194
Net increase/decrease in other assets	4 533	-32 342
Net increase/decrease in operating liabilities	**1 745 117**	**2 302 130**
Net increase/decrease in amounts due to Central Bank	1 547 365	-1 100 071
Net increase/decrease in amounts due to banks	-955 887	935 498
Net increase/decrease in derivatives	-854 288	299 459
Net increase/decrease in amounts due to customers	2 095 127	2 250 127
Net increase/decrease in liabilities arising from repurchase transactions	-8 991	-50 126
Net increase/decrease in other liabilities	-78 209	-32 757
Net cash flow from operating activities	**341 174**	**-1 157 069**

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in PLN '000'	01.01.2009 - 30.06.2009 *non-audited*	Comparable data 01.01.2008 - 30.06.2008 *non-audited*
Cash flow from investing activities		
Inflows	**3 024 966**	**532 342**
Disposal of property, plant and equipment, intangible assets and investment properties	2 012	1 282
Disposal of investment securities	2 874 658	416 771
Dividends	1 597	648
Interest received	146 699	113 641
Outflows	**-2 925 925**	**-783 531**
Acquisition of property, plant and equipment, intangible assets and investment properties	-24 711	-64 126
Acquisition of investment securities	-2 901 214	-719 405
Net cash flow from investing activities	**99 041**	**-251 189**
Cash flow from financing activities		
Inflows	**1 970 652**	**1 125 278**
Proceeds from a subordinated loan	571 681	209 580
Proceeds from loans and advances	1 398 971	915 698
Outflows	**-1 311 248**	**-456 104**
Repayment of subordinated liabilities	0	-375 045
Repayment of loans and advances	-1 200 000	0
Other financial outflows	-111 248	-81 059
Net cash flow from financing activities	**659 404**	**669 174**
Net increase/decrease in cash	**1 099 619**	**-739 084**
Cash at the beginning of the period	**961 253**	**2 689 914**
Cash at the end of the period, including:	**2 060 872**	**1 950 830**
restricted cash	948 377	688 368

The consolidated cash flows should be analyzed jointly with notes, which form an integral part of the financial statements

7. General information

Kredyt Bank Spółka Akcyjna ('Kredyt Bank S.A.', 'Bank', 'parent company') with its registered office in Warsaw, (Poland), ul. Kasprzaka 2/8, was established in 1990 and entered into the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw under No. 0000019597.

Kredyt Bank S.A. is a universal bank which provides banking services addressed and tailored to the needs of all customer groups. A wide range of the Bank's services is addressed to business entities, individual customers and local authorities. The Bank provides convenient access to its services via an extended network of banking outlets and ATMs as well as an Internet banking system.

These interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group ('Capital Group' or 'Group') as at 30.06.2009 comprise the financial statements of the Bank and its subsidiaries.

Below, there are subsidiaries, which, as at 30.06.2009, were consolidated with the full method:

	Parent company	Seat		
	Kredyt Bank S.A.	Warsaw		
	Subsidiary	**Seat**	**Share (%) in votes at GMS as at 30.06.2009**	**Share (%) in votes at GMS as at 30.06.2008**
1.	Reliz Sp. z o.o.	Katowice	100.00	100.00
2.	Żagiel S.A.	Lublin	100.00	100.00
3.	Kredyt Lease S.A.	Warsaw	100.00	100.00
4.	Kredyt Trade Sp. z o.o.	Warsaw	100.00	100.00

The Group's financial statements also entail an associate measured with the equity method.

Associate	Seat	Share (%) in votes at GMS as at 30.06.2009	Share (%) in votes at GMS as at 30.06.2008
KBC Towarzystwo Funduszy Inwestycyjnych S.A.	Warsaw	30.00	30.00

As compared to figures as at 31.12.2008 and 30.06.2008, the list of companies consolidated with the full method and of associates did not change.

KBC Banking and Insurance Capital Group

Kredyt Bank S.A. is a subsidiary (owned in 82.51%) of KBC Banking and Insurance Capital Group ('KBC Group') established in 1998 as a result of a merger of ABB Insurance Group, Almanij-Kreditbank Group and CERA Bank Group. KBC Group has been operating in the present structure since 2005, i.e. the merger of KBC Bank and Insurance Holding Company with Almanij. KBC Group is listed on the Euronext Stock Exchange in Brussels.

KBC Group focuses on bancassurance-type operations for individual customers, provides services to businesses, is involved in assets management and other types of market activities. It is one of the three largest banking and insurance companies on its home market in Belgium.

In Poland, KBC Group is also a sole shareholder of TUiR WARTA S.A., KBC TFI S.A. and KBC Autolease Polska Sp. z o.o.

8. Basis of the preparation of the interim condensed consolidated financial statements

Under Article 55 clause 6a of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2002, No. 76, item 694) as amended ('the Act'), starting from 01.01.2005, the consolidated financial statements of the Group have been prepared in compliance with the International Accounting Standards ('IAS') and the International Financial Reporting Standards ('IFRS') that were approved by the European Union ('EU').

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

The interim condensed consolidated financial statements of the Group for the first half of 2009 ended on 30.06.2009 have been prepared in accordance with the requirements of the IAS and IFRS complying with those applied in the preparation of the annual consolidated financial statements of the Company for the year ended on 31.12.2008, and with IAS 34 *Interim Financial Reporting*, except for the application of amendments to standards and new interpretations valid for annual periods beginning on or after 01.01.2009 and approved by the European Union. Matters not governed by the above-mentioned standards are regulated by the Accounting Act and executive regulations thereto, and the Ordinance of the Minister of Finance of 19.02.2009 on current and interim information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2009, No. 33, item 259).

The IFRS include standards and interpretations approved by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC').

These interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group were approved for publication by the Management Board of Kredyt Bank S.A. on 20.08.2009.

These interim condensed consolidated financial statements were reviewed by Ernst & Young Audit Sp. z o.o., an independent licensed certified auditor. The review was performed in accordance with the Polish law and the certified auditors' professional standards issued by the National Council of Auditors in Poland.

These interim condensed consolidated financial statements have been presented in Polish zloty ('PLN'), and all values, if not stated otherwise, are presented in thousands.

These interim condensed consolidated financial statements were prepared based on the assumption that the Group's companies would remain going concern in the foreseeable future. As at the approval date of these financial statements, there are no circumstances which could threaten the continuation of the business of the Group's companies.

These interim condensed consolidated financial statements do not cover all information and disclosures required in the annual financial statements and should be read jointly with the consolidated financial statements of Kredyt Bank S.A. Capital Group for the year ended on 31.12.2008.

9. The description of major accounting policies applied for the purpose of preparing these financial statements

9.1. New or amended IAS and IFRS and new IFRIC interpretations

Below, there are new and amended IAS and IFRS and new IFRIC interpretations that the Group has applied this year. Their application, except for a few additional disclosures, has not affected the financial statements.

- Amendments to IFRS 1 *First-time Adoption of the International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements*: *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* – according to the amendments to IFRS 1, the entity applying the IFRS for the first time will be able, in its separate financial statements, to determine the 'cost' of the investment in subsidiaries, jointly controlled entities and associates according to IAS 27 or on the basis of deemed cost. The amendment to IAS 27 provides for the requirement for all dividends received from a subsidiary, a jointly controlled entity or an associate to be reported in the separate financial statements of the parent, in its income statement. The Group's policy complies in this respect with new IFRS 1 and IAS 27.
- IFRS 2 *Share-based Payments: Vesting Conditions and Cancellations* – the amendment details the definition of the vesting condition and refers to the reporting of the cancellation of the right to awards. The application of this interpretation did not affect the financial situation or the Group's result on operations, as there were no events which would be related to it.
- Amendments to IFRS 7 *Financial Instruments: Disclosures* – the amended standard provides for the obligation to disclose additional information on the valuation of the fair value and the liquidity risk. For each category of financial instruments carried at fair value, one should disclose information about the valuation, applying the hierarchy of fair value which takes into account materiality of the inputs for the valuation. In addition, for the measurements of the fair value included in Level 3 of the hierarchy of fair value, one should present reconciliation between the opening balance sheet and the closing balance sheet. One should also present all material shifts between Level 1 and Level 2 of the hierarchy of fair value. The amendments also detail the requirements concerning the disclosures regarding the liquidity risk. Information about the measurement at fair value was presented in section 22 of Notes. The amendments concerning the disclosures regarding the liquidity risk did not affect, to a large extent, the information in this respect presented so far by the Group.
- IFRS 8 *Operating Segments*, which, on its effective date, superseded IAS 14 *Segment Reporting*. In this standard, for the identification and measurement of operating segments results subject to reporting, the adopted approach was consistent with the approach of the Bank's Management Board and of the Group's companies. The Notes concerning the segmentation presented in these financial statements were properly restated.
- IAS 1 *Presentation of Financial Statements* (amended in September 2007) – the standard provides for, among other things, the statement of comprehensive income which entails all income and expense items recognized in profit or loss and all other items of recognized income and expense; it is possible to present all these items jointly in one statement or to present two related statements. The Group presents the consolidated income statement and the consolidated statement of comprehensive income separately.

- IAS 23 *Borrowing Costs* (amended in March 2007) – the amended standard calls for the borrowing costs related to the acquisition, construction or production of a qualifying asset to form a part of the cost of that asset or the cost of production. The Group's policy complies in this respect with new IAS 23.
- Amendments to IAS 32 *Financial Instruments*: *Presentation* and IAS 1 *Presentation of Financial Statements: Puttable Instruments and Obligations Arising on Liquidation* – introduce a limited-scope exception concerning the puttable instruments which may be classified as an element of capital, on condition of meeting a series of defined conditions. The application of this amendment did not affect the financial situation or the Group's results on operations, as the Group's companies have not issued such instruments.
- IFRIC 12 *Service Concession Arrangements* – the interpretation is applicable to operators under service concession arrangements and explains how to recognize the rights and obligations resulting from these arrangements. This interpretation does not affect the Group's financial statements, as no company of the Group is an operator.
- IFRIC 13 *Loyalty Programmes* – the interpretation calls for loyalty points to be recognized as a separate element of the sale under which they were awarded. The application of this amendment did not affect the financial situation or the Group's results on operations, as the Group's companies do not operate loyalty programmes.
- IFRIC 15 *Agreements for the Construction of Real Estate* is related to the settlement of income and related expense by entities building a real estate – directly or through contractors. This interpretation does not affect the Group's financial statements.
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* – the interpretation contains guidelines concerning the recognition of the hedge of a net investment in foreign businesses, specifically concerns the guidelines on: identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment; the location, within a capital group, of hedging instruments and determining by an entity of the positive or negative currency translation difference concerning both net investment and the hedging instrument, which should be reclassified from equity to the income statement upon the sale of a foreign operation. The application of IFRIC 16 will not affect the consolidated financial statements, as the Group does not hedge shares in net assets of the foreign operation.
- The amendments resulting from the annual IFRS review did not affect, to a large extent, the information in this regard presented so far by the Group.

The Management Board does not predict that the introduction of the above standards and interpretations will materially affect the Group's accounting principles (policy).

The Group did not introduce any material changes in the applied accounting principles as compared to the principles and methods described in the Group's published consolidated financial statements as of 31.12.2008.

9.2. 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 portfolios of financial assets and liabilities managed jointly in order to generate profits in a short time horizon, as well as 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 entails credit risk; the respective charges are recognized in the income statement.

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

Held-to-maturity investments

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted 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 entails 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 revaluation reserve until the financial asset is derecognized or impairment is recognized; then accumulated gains/losses included in equity are recognized in the income statement. In the case of debt securities, interest income and discount or premium is settled over time in net interest income using the effective interest rate method.

If fair value cannot be determined, assets are recognized at cost less impairment charge. Impairment charge is 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 flows of specific assets, on condition that the criteria provided for in IAS 39 are met. Hedge accounting is applied in the Group to hedge certain items, when all the following criteria are met:

- upon the inception of hedge, the Group officially determines and documents hedging relations as well as the purpose of risk management and the strategy of hedge; the documentation identifies the hedging instrument, the hedged item or transaction, the nature of the hedged risk and the method of the Group’s assessment of hedging instrument effectiveness in offsetting the risk of changes in fair value of the hedged item or cash flows related to the hedged risk;
- the hedging is expected to be highly effective in achieving offsetting changes in fair value (or cash flows) attributable to the hedged risk, according to the initially documented risk management strategy related to a specific hedging relationship;
- 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 flows hedge, which meets hedge accounting conditions, is recognized by the Group as follows:

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

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

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

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

9.3. The values 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 up to the amount justified by financial plans approved by the Management Boards of such subsidiaries concerning the probable realisation of the asset.

9.4. Investment properties

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

9.5. Goodwill

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

10. Accounting estimates

The preparation of financial statements in line with the IFRS requires a professional judgment of the Bank's Management Board and Management Boards of the Group's companies on the adopted accounting 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.

In these interim financial statements, the Group applied the same principles as regards the accounting estimates as in the annual financial statements for 2008, except for the change in the parameterisation of curves applied in the valuation of FX swap. The quotations for the curve were adjusted to the current market reality. The change resulted in the deterioration of the profit before tax for the first half of 2009 by ca. PLN 8 million.

11. Segment reporting

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

Due to the changes described above, the Bank accordingly restated the comparable data as at 31.12.2008 and as at 30.06.2008 respectively.

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 offices 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 the traditional products, such as loans, deposits, settlement services, treasury, the customers from this segment are offered specific 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 to companies in respect of 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. 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 costs of the financing of lending activities and interest income on the sale of deposit resources in internal transactions and they result from the application of an internal price (transfer rate) determined on the basis of reference rates (money market rates) for particular deposit and credit products.

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 consists of:

- commissions for the keeping of 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 agreements, 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 the first half 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 own management system. 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.

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

Loans and advances to customers – gross loans and advances to customers, excluding interest receivables.

Loans and advances to banks – gross loans and advances to banks, excluding interest receivables. The category is presented in the treasury segment. Consumer Finance Segment and the Corporate Segment include receivables of the Group's companies.

Securities – this category is presented in the treasury segment, includes debt securities, securities with the right to equity and shares in investment funds.

Other – this category includes all other assets not presented above.

Group's net profit for the first half of 2009 by business segments (breakdown according to management reporting)

non-audited

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**227 650**	**236 362**	**106 536**	**-12 479**	**-6 445**	**551 624**
- lending activities	162 064	236 362	73 736	0	-6 497	465 665
- depositing activities	72 264	0	35 220	0	52	107 536
- the cost of financing cash kept in the Bank's branches	-6 678	0	-2 420	9 098	0	0
Net commission income and other net income	**89 668**	**11 527**	**50 463**	**0**	**25 370**	**177 028**
- commissions related to the keeping of accounts and transactions	53 076	0	11 292	0	550	64 918
- commissions related to cards	31 080	11 670	729	0	0	43 479
- commissions related to shares in investment funds societies	10 005	0	193	0	1	10 199
- commissions related to insurance products	13 681	0	1	0	13	13 695
- commissions related to foreign transactions	4 100	00	5 144	0	777	10 021
- other	-22 274	-143	33 104	0	24 029	34 716
Net income from treasury transactions	**30 276**	**67**	**17 563**	**64 964**	**-1 114**	**111 756**
- exchange transactions	30 181	67	14 782	46 180	834	92 044
- derivatives and securities	95	0	2 781	18 784	-1 948	19 712
Net gains from investment activities	**0**	**0**	**0**	**515**	**4 999**	**5 514**
Operating income before tax	**347 594**	**247 956**	**174 562**	**53 000**	**22 810**	**845 922**
Net impairment losses on financial assets, other assets and provisions	**-27 460**	**-153 991**	**-145 612**	**0**	**466**	**-326 597**
Group's general and administrative expenses, including:	**-350 918**	**-81 649**	**-55 003**	**-18 817**	**-11 659**	**-518 046**
- the costs of the operation of business functions (direct costs)	-229 356	-79 585	-38 060	-12 299	-11 659	-370 959
- allocated expenses	-121 562	-2 064	-16 943	-6 518	0	-147 087
Net operating income	**-30 784**	**12 316**	**-26 053**	**34 183**	**11 617**	**1 279**
Share in profit (loss) of associates						697
Income tax expense						2 077
Net profit/loss						**4 053**

Group's net profit for the first half of 2008 by business segments (breakdown according to management reporting) (comparable data) _non-audited_

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**214 441**	**164 759**	**87 786**	**46 501**	**-6 444**	**507 043**
- lending activities	110 783	164 759	56 253	0	-6 324	325 471
- depositing activities	112 584	0	34 532	0	-104	147 012
- the cost of financing cash kept in the Bank's branches	-8 926	0	-2 999	11 941	-16	0
Net commission income and other net income	**100 465**	**12 690**	**33 977**	**0**	**3 414**	**150 546**
- commissions related to the keeping of accounts and transactions	50 737	0	12 156	0	403	63 296
- commissions related to cards	31 873	5 131	862	0	0	37 866
- commissions related to shares in investment funds societies	13 147	0	120	0	0	13 267
- commissions related to insurance products	8 901	0	1	0	0	8 902
- commissions related to foreign transactions	4 447	0	5 296	0	656	10 399
- other	-8 640	7 559	15 542	0	2 355	16 816
Net income from treasury transactions	**53 665**	**-38**	**21 812**	**28 959**	**-5 505**	**98 893**
- exchange transactions	53 097	-38	10 664	23 335	-1 060	85 998
- derivatives and securities	568	0	11 148	5 624	-4 445	12 895
Net gains from investment activities	**0**	**0**	**4**	**0**	**878**	**882**
Operating income before tax	**368 571**	**177 411**	**143 579**	**75 460**	**-7 657**	**757 364**
Net impairment losses on financial assets, other assets and provisions	**10 221**	**-67 163**	**-18 037**	**0**	**41 929**	**-33 050**
Group's general and administrative expenses, including:	**-357 534**	**-103 712**	**-49 074**	**-18 243**	**-7 266**	**-535 829**
- the costs of the operation of business functions (direct costs)	-265 431	-94 307	-38 246	-13 543	-7 266	-418 793
- allocated expenses	-92 103	-9 405	-10 828	-4 700	0	-117 036
Net operating income	**21 258**	**6 536**	**76 468**	**57 217**	**27 006**	**188 485**
Share in profit (loss) of associates						-912
Income tax expense						-42 765
Net profit/loss						**144 808**

The allocation of assets by business segments as at 30.06.2009 *non-audited*

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Loans and advances to customers	16 788 816	2 747 220	9 354 508	0	0	28 890 544
Loans and advances to banks	0	16	275	497 260	0	497 551
Securities	0	0	0	8 770 254	0	8 770 254
Other	0	0	0	1 125 105	1 818 486	2 943 591
Total	**16 788 816**	**2 747 236**	**9 354 783**	**10 392 619**	**1 818 486**	**41 101 940**

The allocation of assets by business segments as at 31.12.2008 (comparable data) *non-audited*

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Loans and advances to customers	15 327 237	2 790 989	9 396 827	0	0	27 515 053
Loans and advances to banks	0	0	0	338 734	0	338 734
Securities	0	0	0	7 555 775	0	7 555 775
Other	0	0	0	2 302 799	1 018 315	3 321 114
Total	**15 327 237**	**2 790 989**	**9 396 827**	**10 197 308**	**1 018 315**	**38 730 676**

The allocation of assets by business segments as at 30.06.2008 (comparable data) *non-audited*

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Loans and advances to customers	9 882 628	2 102 962	8 035 772	0	0	20 021 362
Loans and advances to banks	0	0	0	973 306	0	973 306
Securities	0	0	0	6 667 895	0	6 667 895
Other	0	0	0	838 843	1 687 564	2 526 407
Total	**9 882 628**	**2 102 962**	**8 035 772**	**8 480 044**	**1 687 564**	**30 188 970**

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

in PLN '000'	**01.01.2009-30.06.2009** *non-audited*
Net interest income – management information	**551 624**
- commissions on loans	24 733
+ operating expenses (interest on finance lease)	-1 221
+ operating income (the collection of statutory interest)	6 175
+ commissions related to foreign transactions	377
+ adjustment of the accrual of interest based on net investments	-17 026
+ other	941
Net interest income – financial statements	**516 137**
Net commission income and other net income – management information	**177 028**
+ commissions on loans	24 733
- reversal of provisions related to the sale of debt	10 186
- operating expenses (interest on finance lease)	-1 221
- operating income (the collection of statutory interest)	6 175
- commissions related to foreign transactions	377
- other	941
Net commission income and other income – financial statements – presented as:	**185 303**
Net fee and commission income	145 928
Other operating income	59 660
Other operating expenses	-20 285
Net income from treasury transactions – management information	**111 756**
+ provision for potential losses related to active derivatives	-26 054
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**85 702**
Net trading income	85 615
Net result on derivatives used as hedging instruments and hedged items	87
Operating income before tax – management information	**845 922**
+ provision for potential losses related to active derivatives	-26 054
+ adjustment of the accrual of interest based on net investments	-17 026
- reversal of provisions related to the sale of debt	10 186
Operating income before tax – financial statements – presented as:	**792 656**
Total operating income	812 941
Other operating expenses	-20 285
Net impairment losses on financial assets, other assets and provisions – management information	**-326 597**
- provision for potential losses related to active derivatives	-26 054
- adjustment of the accrual of interest based on net investments	-17 026
+ reversal of provisions related to the sale of debt	10 186
Net impairment losses on financial assets, other assets and provisions – financial statements	**-273 331**

in PLN '000'	01.01.2008-30.06.2008 *non-audited*
Net interest income – management information	**507 043**
- commissions on loans	19 322
+ operating expenses (interest on finance lease)	-1 732
+ operating income (the collection of statutory interest)	7 707
+ commissions related to foreign transactions	542
+ other	-930
Net interest income – financial statements	**493 308**
Net commission income and other net income – management information	**150 546**
+ commissions on loans	19 322
- operating expenses (interest on finance lease)	-1 732
- operating income (the collection of statutory interest)	7 707
- commissions related to foreign transactions	542
- other	-930
Net commission income and other income – financial statements – presented as:	**164 281**
Net fee and commission income	143 592
Other operating income	40 809
Other operating expenses	-20 120
Net income from treasury transactions – management information	**98 893**
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**98 893**
Net trading income	101 767
Net result on derivatives used as hedging instruments and hedged items	-2 874
Operating income before tax – management information	**757 364**
Operating income before tax – financial statements – presented as:	**757 364**
Total operating income	777 484
Other operating expenses	-20 120

in PLN '000'	Management information	Interest	Financial Statements
30.06.2009 *non-audited*			
Loans and advances to customers	28 890 544	89 364	28 979 908
Loans and advances to banks	497 551	1 849	499 400
31.12.2008 *non-audited*			
Loans and advances to customers	27 515 053	145 594	27 660 647
Loans and advances to banks	338 734	2 131	340 865
30.06.2008 *non-audited*			
Loans and advances to customers	20 021 362	101 930	20 123 292
Loans and advances to banks	973 306	12 604	985 910

	30.06.2009 *non-audited*
Securities – management information	**8 770 254**
Securities – financial statements – presented as:	**8 770 254**
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	2 526 425
Investment securities	6 243 829

	31.12.2008 *non-audited*
Securities – management information	**7 555 775**
Securities – financial statements – presented as:	**7 555 775**
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 317 764
Investment securities	6 238 011

	30.06.2008 *non-audited*
Securities – management information	**6 667 895**
Securities – financial statements – presented as:	**6 667 895**
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	982 493
Investment securities	5 685 402

12. Interest income

	01.01.2009-30.06.2009 *non-audited*	Comparable data 01.01.2008-30.06.2008 *non-audited*
On account of:		
Loans and advances to banks	24 090	68 760
Loans and advances to customers, including:	883 256	757 201
- financial sector	15 868	21 675
- non-financial sector	858 682	721 617
- budgetary sector	8 706	13 909
Leasing fees	17 997	13 946
Securities:	208 035	161 237
- at fair value through profit or loss	6 902	2 705
- held for trading	31 701	8 602
- available-for-sale	116 289	93 768
- held-to-maturity	53 143	56 162
Receivables arising from repurchase transactions	17	415
Interest on hedging instruments	52 097	40 158
Total	**1 185 492**	**1 041 717**

13. Interest expense

	01.01.2009-30.06.2009 *non-audited*	Comparable data 01.01.2008-30.06.2008 *non-audited*
On account of:		
Amounts due to banks	150 365	151 212
Amounts due to customers	439 804	339 149
- financial sector	94 859	37 932
- non-financial sector	312 244	245 008
- budgetary sector	32 701	56 209
Liabilities arising from repurchase transactions	29 359	2 079
Other subordinated liabilities	5 454	9 342
Interest on hedging instruments	44 373	46 627
Total	**669 355**	**548 409**
Net interest income	**516 137**	**493 308**

14. Fee and commission income

	01.01.2009-30.06.2009 *non-audited*	Comparable data 01.01.2008-30.06.2008 *non-audited*
Fees and commissions on loans	26 904	19 874
Fees and commissions on deposit-related transactions with customers	64 247	62 804
Fees and commissions due for payment cards processing and ATMs maintenance	75 584	61 874
Fees and commissions on foreign clearing operations	7 900	8 395
Fees and commissions on guarantee commitments	9 439	6 698
Commissions for the distribution and management of combined investment and insurance products	16 529	19 927
Commissions on other custodian services	1 019	1 468
Other fees and commissions	3 248	3 240
Total	**204 870**	**184 280**

15. Fee and commission expense

	01.01.2009-30.06.2009 *non-audited*	Comparable data 01.01.2008-30.06.2008 *non-audited*
Brokerages	394	1 536
Fees and commissions due for payment cards processing and ATMs maintenance	37 736	26 480
Fees related to loan guarantees	11 523	6 561
Fees of credit reference agency	3 328	1 325
Other fees and commissions	5 961	4 786
Total	**58 942**	**40 688**

Net fee and commission income	**145 928**	**143 592**

16. General and administrative expenses

	01.01.2009-30.06.2009 *non-audited*	Comparable data 01.01.2008-30.06.2008 *non-audited*
Staff costs	**230 851**	**270 586**
General expenses, including:	**229 384**	**215 569**
- costs of buildings maintenance and lease	77 021	60 710
- postal and telecommunications fees	31 628	29 537
- IT costs	24 333	16 833
- promotion and advertising services	8 024	17 455
- advisory costs	9 018	7 931
- transportation services	9 342	9 627
- purchase of other materials	3 922	7 457
- taxes and fees	50 514	44 295
- other	15 582	21 724
Depreciation	**57 811**	**49 674**
Total	**518 046**	**535 829**

17. Income tax expense

	01.01.2009-30.06.2009 *non-audited*	Comparable data 01.01.2008-30.06.2008 *non-audited*
Profit before tax	**1 976**	**187 573**
Share in profit (loss) of associates	**-697**	**912**
Income tax expense at basic tax rate (19%)	**243**	**35 813**
Permanent differences, including:	**-2 302**	**7 217**
- sale of receivables	2 242	4 745
- dividends received	-303	-123
- provisions and impairment losses	-5 102	-5 700
- other permanent differences	861	8 295
Deducted retained losses not recognized in deferred tax asset	**0**	**0**
Recognized asset surplus related to differences from previous periods	**-18**	**-265**
Actual deductions from (crediting to) net profit	**-2 077**	**42 765**
Effective tax rate	**-105.11%**	**22.80%**

Income tax expense (credit) in the income statement	01.01.2009-30.06.2009 *non-audited*	Comparable data 01.01.2008-30.06.2008 *non-audited*
Current income tax	83 513	34 236
Deferred income tax	-85 590	8 529
Deductions from net profit	**-2 077**	**42 765**

The effective tax rate in the first half of 2009 was distorted by the reversal of provisions in the Group's companies amounting to PLN 11 million, which were permanent tax differences.

Deferred tax on the valuation of available-for-sale securities, cash flow hedge instruments, charged to revaluation reserve	30.06.2009 *non-audited*	Comparable data 30.06.2008 *non-audited*
Debt instruments	-5 772	-24 790
Cash flow hedge instruments	3 488	-17 843
Total	**-2 284**	**-42 633**

Deferred tax asset	**30.06.2009** *non-audited*	**31.12.2008**	**30.06.2008** *non-audited*	**Changes in the first half of 2009** *non-audited*
Loans portfolio write-downs	99 398	67 668	66 330	31 730
Impairment of property, plant and equipment	4 371	6 010	6 766	-1 639
Accruals and provisions	11 820	17 528	16 776	-5 708
Interest on deposits	32 504	25 273	12 912	7 231
Commissions and interest settled according to EIR	46 587	69 132	50 330	-22 545
Income taxed in advance	1 593	1 643	1 642	-50
Derivatives	197 391	366 025	138 419	-168 634
Costs of debt securities	0	37 757	33 116	-37 757
Finance lease	17 947	17 345	16 981	602
Valuation of available-for-sale securities and of derivatives used as hedging instruments	10 476	7 456	44 062	3 020
Tax losses to be deducted in future periods	0	827	1 511	-827
Other negative temporary differences	18 943	7 165	16 020	11 778
Total asset, including:	**441 030**	**623 829**	**404 865**	**-182 799**
an asset recognized with the income statement (in the period and in previous periods)	430 554	616 373	360 803	-185 819
an asset recognized with revaluation reserve	10 476	7 456	44 062	3 020

Deferred tax liability	**30.06.2009** *non-audited*	**31.12.2008**	**30.06.2008** *non-audited*	**Changes in the first half of 2009** *non-audited*
Accrued income from securities	-3 433	-40 084	-30 241	36 651
Accrued interest on receivables	-16 513	-28 553	-22 058	12 040
Derivatives	-193 765	-401 431	-168 599	207 666
Depreciation	-4 447	-4 903	-3 907	456
Valuation of available-for-sale securities and of derivatives used as hedging instruments	-8 192	-30 429	-1 428	22 237
Other positive temporary differences	-6 681	-21 284	-15 140	14 603
Total liability, including:	**-233 031**	**-526 684**	**-241 373**	**293 653**
a liability recognized with the income statement (in the period and in previous periods)	-224 839	-496 255	-239 945	271 416
a liability recognized with revaluation reserve	-8 192	-30 429	-1 428	22 237

Presented as

Deferred tax asset	**209 289**	**98 000**	**164 809**
Deferred tax liability	**1 290**	**855**	**1 317**

18. Cash and cash equivalents

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Cash and balances with Central Bank	1 757 667	827 972	1 365 384
Interbank term deposits (up to 3 months)	303 205	133 281	585 446
Cash and cash equivalents	**2 060 872**	**961 253**	**1 950 830**

In ‘Cash and cash equivalents’, the Bank presents its obligatory reserve held in line with the adequate regulations, on NBP account, presented as restricted cash, which, as at 30.06.2009 amounted to PLN 948,377 thousand, as at 31.12.2008 – PLN 789,493 thousand, and as at 30.06.2008 – PLN 688,368 thousand.

19. Loans and advances to banks

By types

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Current accounts	15 273	15 129	11 680
Deposits in other banks	326 337	153 785	882 774
Loans and advances to banks	135 314	148 462	74 394
Purchased debt	13 772	21 204	11 195
Other	8 704	2 285	5 867
Total	**499 400**	**340 865**	**985 910**

By maturity dates

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
- up to 1 month	331 501	157 008	513 390
- 1-3 months	10 561	22 354	109 196
- 3-6 months	22 010	11 962	277 454
- 6 months to 1 year	29 067	28 960	12 123
- 1 - 3 years	60 043	72 810	66 464
- 3 - 5 years	23 643	14 612	0
- 5 - 10 years	19 910	30 899	5 023
- past due	2 665	2 260	2 260
Total	**499 400**	**340 865**	**985 910**

Classification due to impairment

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Loans and advances with no evidence for impairment	497 139	338 604	983 650
Loans and advances with evidence for impairment	2 261	2 261	2 260
Total	**499 400**	**340 865**	**985 910**

Impairment losses on loans and advances to banks

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Impairment on loans and advances to banks at period beginning	2 261	2 260	2 260
a) increase	176	1	0
b) decrease	177	0	0
Period end	**2 260**	**2 261**	**2 260**

20. Financial assets at fair value through profit or loss, including held-for-trading financial assets (excluding derivatives)

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Debt securities held for trading	**1 624 866**	**1 205 916**	**863 085**
Treasury securities	1 624 866	1 204 969	862 848
- bonds	37 284	90 968	862 848
- bills	1 587 582	1 114 001	0
Other securities	0	947	237
- bonds	0	947	237
Financial assets at fair value through profit or loss	**901 559**	**111 848**	**119 408**
Treasury securities	200 325	61 692	59 032
- bonds	61 243	61 692	59 032
- bills	139 082	0	0
Central Bank securities	649 801	0	0
- bills	649 801	0	0
Other securities	33 339	32 647	43 395
- bonds	33 339	32 647	43 395
Shares in investment funds	18 094	17 509	16 981
Total	**2 526 425**	**1 317 764**	**982 493**

Fair value of bonds presented in ‘Other securities’ is determined by discounting cash flows resulting from the bonds with USD-SWAP swap curve, as there are no quotations on an active market. The bonds are with fixed coupon.

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Listed	**2 474 992**	**1 267 608**	**922 117**
- bonds	98 527	153 607	0
- bills	2 376 465	1 114 001	922 117
Non-listed	**51 433**	**50 156**	**60 376**
- bonds	33 339	32 647	43 395
- shares in investment funds	18 094	17 509	16 981
Total	**2 526 425**	**1 317 764**	**982 493**

21. Investment securities

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Available-for-sale securities	**4 338 473**	**4 365 127**	**3 930 594**
Treasury securities	4 015 485	3 619 151	3 174 583
- bonds	3 975 821	3 619 151	3 174 583
- bills	39 664	0	0
Central Bank securities	0	335 776	326 445
- bonds	0	335 776	326 445
Other securities	317 685	402 969	422 360
- bonds	317 685	402 969	422 360
Equity securities	5 303	7 231	7 206
Held-to-maturity securities	**1 905 356**	**1 872 884**	**1 754 808**
Treasury securities	1 832 318	1 803 119	1 754 808
- bonds	1 832 318	1 803 119	1 754 808
Other securities	73 038	69 765	0
- bonds	73 038	69 765	0
Total	**6 243 829**	**6 238 011**	**5 685 402**

All investment securities classified in the portfolio of available-for-sale financial assets are measured at fair value, except for SINPLN commercial bonds issued by THE HONGKONG AND SHANGHAI BANKING CORPORATION as well as non-listed equity investments. The fair value of SINPLN bonds is determined by discounting cash flows from the bonds with PLN-SWAP swap curve having regard for the credit spread, as there are no quotations on an active market. The bonds are with fixed coupon. Non-listed equity investments are recognized at cost, having regard for impairment losses, as there is also no active market for them and their fair value cannot be determined reliably.

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Available-for-sale securities	**4 338 473**	**4 365 127**	**3 930 594**
Listed	**4 033 335**	**3 706 711**	**3 596 943**
- bonds	3 993 671	3 706 711	3 596 943
- bills	39 664	0	0
Non-listed	**305 138**	**658 416**	**333 651**
- shares	5 303	7 231	7 206
- bonds	299 835	651 185	326 445
Held-to-maturity securities	**1 905 356**	**1 872 884**	**1 754 808**
Listed	**1 832 318**	**1 803 119**	**1 754 808**
- bonds	1 832 318	1 803 119	1 754 808
Non-listed	**73 038**	**69 765**	**0**
- bonds	73 038	69 765	0
Total	**6 243 829**	**6 238 011**	**5 685 402**

22. The division of financial instruments measured at fair value depending on the method of fair value measurement

Below, we present the division of financial assets and liabilities measured at fair value depending on the method of fair value measurement according to IFRS 7.

Assets measured at fair value	**30.06.2009** *non-audited*
Available-for-sale securities*	**4 333 170**
Level 1	4 033 335
Level 2	299 835
Financial assets at fair value through profit or loss, including held-for-trading assets	**2 526 425**
Held-for-trading securities	**1 624 866**
Level 1	1 624 866
Financial assets at fair value through profit or loss	**901 559**
Level 1	868 220
Level 2	33 339
Derivatives	**1 125 105**
Level 2	1 109 500
Level 3	15 605

**except for equity securities measured at cost*

Liabilities measured at fair value	30.06.2009 *non-audited*
Derivatives	**1 036 593**
Level 2	1 036 593

23. Loans and advances to customers

By types

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Loans and advances	28 174 074	27 010 651	19 640 930
Purchased debt	190 215	62 484	33 992
Realised guarantees and sureties	7 328	8 646	9 148
Other receivables	608 291	578 866	439 222
- including leasing fees	530 694	561 950	419 925
Total	**28 979 908**	**27 660 647**	**20 123 292**

Maturity dates

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
- up to 1 month	1 355 405	617 664	738 443
- 1-3 months	821 827	827 967	751 524
- 3-6 months	1 465 732	914 266	1 037 489
- 6 months to 1 year	4 802 886	5 370 333	4 570 406
- 1 - 3 years	3 942 962	3 608 734	2 411 144
- 3 - 5 years	2 454 809	2 346 079	1 894 619
- 5 - 10 years	4 083 455	4 094 975	2 726 336
- 10 - 20 years	5 176 598	4 588 744	2 709 976
- over 20 years	3 791 139	4 022 498	2 467 672
- past due	1 085 095	1 269 387	815 683
Total	**28 979 908**	**27 660 647**	**20 123 292**

By customer types

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Natural persons*	**19 681 892**	**18 243 619**	**12 049 768**
- overdraft facilities	796 760	695 814	651 684
- purchased debt	14 168	10 676	11 006
- term loans **	995 364	979 667	863 748
- cash and instalment loans	3 891 845	3 685 259	2 860 238
- mortgages	13 957 375	12 854 847	7 643 442
- realised guarantees	1 523	1 583	1 548
- other receivables	24 857	15 773	18 102
Corporate customers	**9 015 923**	**9 068 168**	**7 737 222**
- overdraft facilities	1 874 388	1 881 957	1 843 602
- term loans **	6 376 249	6 564 247	5 441 908
- purchased debt	176 048	51 808	22 986
- realised guarantees	5 804	7 063	7 600
- other receivables, including leasing fees	583 434	563 093	421 126
Budget	**282 093**	**348 860**	**336 302**
- overdraft facilities	41 350	4 402	623
- term loans **	240 743	344 458	335 679
Total	**28 979 908**	**27 660 647**	**20 123 292**

* The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.

** The item contains mainly: in the case of natural persons - investment loans and working capital loans for individual entrepreneurs and mortgage loans, and in the case of corporate and budgetary customers – investment and working capital loans

Receivables in breakdown by customer types and by impaired and non-impaired receivables (as at 30.06.2009)

non-audited

	Gross receivables	Impaired gross receivables	Impairment losses excluding IBNR	Non-impaired gross receivables by days of delay in payment					
				Total	no delay	up to 30 days*	31 - 60 days*	61 - 90 days*	over 90 days*
Natural persons**	**19 681 892**	**984 731**	**566 255**	**18 697 161**	**17 312 578**	**1 142 482**	**156 919**	**84 870**	**312**
- overdraft facilities	796 760	111 001	89 960	685 759	560 608	118 761	3 607	2 478	305
- purchased debt	14 168	6 307	6 306	7 861	7 861	0	0	0	0
- term loans***	995 364	93 664	69 409	901 700	821 536	74 003	4 144	2 010	7
- cash and instalment loans	3 891 845	525 256	349 768	3 366 589	2 897 094	302 241	102 844	64 410	0
- mortgages	13 957 375	244 532	47 414	13 712 843	13 003 074	647 473	46 324	15 972	0
- realised guarantees	1 523	1 519	950	4	0	4	0	0	0
- other receivables	24 857	2 452	2 448	22 405	22 405	0	0	0	0
Corporate customers	**9 015 923**	**674 153**	**416 010**	**8 341 770**	**7 890 180**	**446 415**	**1 283**	**2 458**	**1 434**
- overdraft facilities	1 874 388	107 280	73 656	1 767 108	1 648 153	117 814	347	748	46
- term loans***	6 376 249	466 127	260 417	5 910 122	5 689 003	219 178	897	1 034	10
- purchased debt	176 048	6 853	5 780	169 195	127 649	41 546	0	0	0
- realised guarantees	5 804	4 461	2 978	1 343	0	0	0	0	1 343
- other receivables, including leasing fees	583 434	89 432	73 179	494 002	425 375	67 877	39	676	35
Budget	**282 093**	**0**	**0**	**282 093**	**271 919**	**10 174**	**0**	**0**	**0**
- overdraft facilities	41 350	0	0	41 350	41 350	0	0	0	0
- term loans***	240 743	0	0	240 743	230 569	10 174	0	0	0
Total	**28 979 908**	**1 658 884**	**982 265**	**27 321 024**	**25 474 677**	**1 599 071**	**158 202**	**87 328**	**1 746**

*in the case of a delay in the payment of at least one instalment, the total debt is presented as delayed.

** The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.

*** The item contains mainly: in the case of natural persons - investment loans and working capital loans for individual entrepreneurs and mortgage loans, and in the case of corporate and budgetary customers – investment and working capital loans

Receivables in breakdown by customer types and by impaired and non-impaired receivables (comparable data as at 31.12.2008)

	Gross receivables	Impaired gross receivables	Impairment losses excluding IBNR	Non-impaired gross receivables by days of delay in payment					
				Total	no delay	up to 30 days*	31 - 60 days*	61 - 90 days*	over 90 days*
Natural persons**	**18 243 619**	**688 934**	**417 880**	**17 554 685**	**15 999 318**	**1 333 958**	**200 375**	**20 577**	**457**
- overdraft facilities	695 814	83 322	67 384	612 492	510 005	96 355	4 012	1 966	154
- purchased debt	10 676	6 345	6 339	4 331	55	4 276	0	0	0
- term loans***	979 667	103 650	82 108	876 016	810 468	58 726	6 287	527	8
- cash and instalment loans	3 685 259	326 693	218 926	3 358 566	2 928 364	294 532	128 975	6 630	65
- mortgages	12 854 847	167 340	42 090	12 687 508	11 734 654	880 069	61 101	11 454	230
- realised guarantees	1 583	1 583	1 032	0	0	0	0	0	0
- other receivables	15 773	1	1	15 772	15 772	0	0	0	0
Corporate customers	**9 068 168**	**660 714**	**421 764**	**8 407 454**	**7 744 470**	**618 502**	**43 632**	**766**	**84**
- overdraft facilities	1 881 957	73 176	40 768	1 808 781	1 776 625	31 076	1 042	38	0
- term loans***	6 564 247	531 570	339 991	6 032 678	5 514 663	510 699	6 577	728	11
- purchased debt	51 808	5 348	4 611	46 460	8 629	6 100	31 731	0	0
- realised guarantees	7 063	7 063	3 381	0	0	0	0	0	0
- other receivables, including leasing fees	563 093	43 557	33 013	519 535	444 553	70 627	4 282	0	73
Budget	**348 860**	**0**	**0**	**348 860**	**336 236**	**12 624**	**0**	**0**	**0**
- overdraft facilities	4 402	0	0	4 402	4 402	0	0	0	0
- term loans***	344 458	0	0	344 458	331 834	12 624	0	0	0
Total	**27 660 647**	**1 349 648**	**839 644**	**26 310 999**	**24 080 024**	**1 965 084**	**244 007**	**21 343**	**541**

*in the case of a delay in the payment of at least one instalment, the total debt is presented as delayed.
** The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.
*** The item contains mainly: in the case of natural persons - investment loans and working capital loans for individual entrepreneurs and mortgage loans, and in the case of corporate and budgetary customers – investment and working capital loans

Receivables in breakdown by customer types and by impaired and non-impaired receivables (comparable data as at 30.06.2008)

non-audited

	Gross receivables	Impaired gross receivables	Impairment losses excluding IBNR	Non-impaired gross receivables by days of delay in payment					
				Total	no delay	up to 30 days*	31 - 60 days*	61 - 90 days*	over 90 days*
Natural persons**	**12 049 768**	**490 470**	**340 379**	**11 559 299**	**10 595 229**	**817 941**	**111 507**	**32 455**	**2 167**
- overdraft facilities	651 684	73 381	63 751	578 303	488 351	78 890	9 612	1 399	51
- purchased debt	11 006	6 361	6 340	4 645	4 411	234	0	0	0
- term loans***	863 748	96 832	85 739	766 917	671 186	90 276	3 236	141	2 078
- cash and instalment loans	2 860 238	207 048	142 859	2 653 191	2 323 175	231 736	70 419	27 823	38
- mortgages	7 643 442	105 120	40 621	7 538 321	7 090 184	416 805	28 240	3 092	0
- realised guarantees	1 548	1 548	889	0	0	0	0	0	0
- other receivables	18 102	180	180	17 922	17 922	0	0	0	0
Corporate customers	**7 737 222**	**619 522**	**444 840**	**7 117 699**	**6 312 872**	**798 160**	**3 721**	**471**	**2 475**
- overdraft facilities	1 843 602	56 016	34 280	1 787 586	1 721 337	66 222	0	27	0
- term loans***	5 441 908	513 357	371 779	4 928 551	4 263 247	662 372	13	444	2 475
- purchased debt	22 986	5 489	4 460	17 496	12 977	3 543	976	0	0
- realised guarantees	7 600	7 600	4 295	0	0	0	0	0	0
- other receivables, including leasing fees	421 126	37 060	30 026	384 066	315 311	66 023	2 732	0	0
Budget	**336 302**	**0**	**0**	**336 302**	**194 662**	**141 640**	**0**	**0**	**0**
- overdraft facilities	623	0	0	623	623	0	0	0	0
- term loans***	335 679	0	0	335 679	194 039	141 640	0	0	0
Total	**20 123 292**	**1 109 992**	**785 219**	**19 013 300**	**17 102 763**	**1 757 741**	**115 228**	**32 926**	**4 642**

*in the case of a delay in payment of at least one instalment, the total debt is presented as delayed.

** The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.

*** The item contains mainly: in the case of natural persons – investment loans and working capital loans for individual entrepreneurs and mortgage loans, and in the case of corporate and budgetary customers – investment and working capital loans

As at 30.06.2009, the amount of non-amortised loan commissions settled with the effective interest rate method, which, according to the concept of the measurement of financial assets at amortised cost, decreases the value of gross receivables, amounted to PLN 237,734 thousand, as at 31.12.2008 - PLN 247,255 thousand, and as at 30.06.2008 – PLN 212,292 thousand. The amounts have already been recognized in total gross loans and advances.

Receivables quality ratio

in PLN '000'	**30.06.2009** *non-audited*	**Comparable data 31.12.2008**	**Comparable data 30.06.2008** *non-audited*
Loans and advances with no evidence for impairment, including interest	27 321 024	26 310 999	19 013 300
Loans and advances with evidence for impairment, including interest	1 658 884	1 349 648	1 109 992
Total gross loan and advances to customers	**28 979 908**	**27 660 647**	**20 123 292**
Impairment losses on loans and advances to customers	1 094 673	927 331	835 722
including: impairment losses on loans and advances with evidence for impairment	982 265	839 644	785 219
Total net loans and advances to customers	**27 885 235**	**26 733 316**	**19 287 570**
The share of loans and advances with evidence for impairment in total gross loans and advances	5.7%	4.9%	5.5%
Coverage of loans and advances with evidence for impairment with impairment losses	59.2%	62.2%	70.7%
Coverage of gross loans and advances to customers with corresponding impairment losses	3.8%	3.4%	4.2%

The increase in the level of impairment losses for loans and advances in the first half of 2009 amounted to 3.8%. The quality ratio for the Group's gross loans and advances deteriorated slightly in this period by 0.8 p.p.

The Group, when estimating credit risk for individual credit exposures and loan portfolios, follows the overriding prudence concept. As at 30.06.2009, the coverage of loans and advances with evidence for impairment with impairment losses was at the level of 59.2%. The decrease in this ratio in the first half of 2009 as compared to the end of 2008 results mainly from the carrying over, in the first half of 2009, of a part of receivables subject to the full impairment loss to the off-balance-sheet records.

According to the methodology assumed by the Group, there are no loans and advances with evidence for impairment without corresponding impairment losses.

Receivables assessed individually

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Gross receivables	576 118	522 758	432 601
Impairment	350 880	303 077	287 323
Net receivables	**225 238**	**219 681**	**145 278**

Accepted loan collateral

In the case of receivables assessed individually, the total fair value of collateral approved by the Group considered in estimated future cash flows is presented in the table below.

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Value of accepted collateral for loans and advances assessed individually	167 188	147 725	129 026

Apart from standard loan collateral specified in loan agreements which are in line with the practices applied in the industry (mortgage, transfers of ownership to secure a loan, registered pledges, sureties, guarantees and transfers of receivables), the Group does not apply any other loan collateral, e.g. credit derivatives.

The Group monitors established legal securities of loan transactions by evaluation of the value of approved collateral on the basis of documents lodged by the borrower and internal databases including historic data about the recoverability of collateral.

Carrying amount of restructured receivables

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Carrying amount	166 271	102 141	88 452

Impairment losses on loans and advances to customers

	Impairment 31.12.2008	Recognized	Reversed	Written off	Other changes	Impairment 30.06.2009 *non-audited*
Natural persons*	**496 840**	**602 406**	**-394 519**	**-30 657**	**-13 904**	**660 166**
- overdraft facilities	70 293	72 848	-47 938	-1 249	-948	93 006
- purchased debt	6 345	41	-62	0	80	6 404
- term loans **	84 140	69 189	-55 517	-23 537	-3 002	71 273
- cash and instalment loans	282 151	364 372	-199 608	-5 385	-8 529	433 001
- mortgages	52 878	93 474	-91 283	-486	-1 503	53 080
- realised guarantees	1 032	4	-18	0	-64	954
- other receivables	1	2 478	-93	0	62	2 448
Corporate customers	**430 247**	**357 929**	**-301 697**	**-43 780**	**-8 378**	**434 321**
- overdraft facilities	42 666	103 494	-64 176	-350	-1 401	80 233
- purchased debt	4 777	4 845	-3 731	0	15	5 906
- term loans **	345 829	198 916	-223 287	-41 548	-7 273	272 637
- realised guarantees	3 381	2 925	-3 170	0	-158	2 978
- other receivables	33 594	47 749	-7 333	-1 882	439	72 567
Budget	**244**	**204**	**-262**	**0**	**0**	**186**
- overdraft facilities	4	45	-25	0	0	24
- term loans **	240	159	-237	0	0	162
- purchased debt	0	0	0	0	0	0
Total	**927 331**	**960 539**	**-696 478**	**-74 437**	**-22 282**	**1 094 673**

* The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.

** The item contains mainly: in the case of natural persons – investment loans and working capital loans for individual entrepreneurs and mortgage loans, and in the case of corporate and budgetary customers – investment and working capital loans

	Impairment 31.12.2007	Recognized	Reversed	Written off	Other changes	Impairment 31.12.2008
Natural persons*	**386 092**	**937 292**	**-774 523**	**-59 550**	**7 529**	**496 840**
- overdraft facilities	70 803	79 022	-77 032	-2 500	0	70 293
- purchased debt	6 334	163	-145	-6	-1	6 345
- term loans **	134 747	124 033	-169 989	-8 743	4 092	84 140
- cash and instalment loans	105 251	564 480	-340 351	-47 220	-9	282 151
- mortgages	67 258	168 108	-184 980	-955	3 447	52 878
- realised guarantees	1 519	730	-1 217	0	0	1 032
- other receivables	180	756	-809	-126	0	1
Corporate customers	**447 470**	**353 708**	**-318 637**	**-59 976**	**7 682**	**430 247**
- overdraft facilities	28 148	100 971	-83 965	-2 488	0	42 666
- purchased debt	5 851	2 566	-2 576	-1 080	16	4 777
- term loans **	374 545	240 697	-222 152	-55 881	8 620	345 829
- realised guarantees	8 025	1 797	-5 914	-527	0	3 381
- other receivables	30 901	7 677	-4 030	0	-954	33 594
Budget	**765**	**1 876**	**-2 440**	**-1**	**44**	**244**
- overdraft facilities	0	85	-81	0	0	4
- term loans **	755	1 791	-2 350	0	44	240
- purchased debt	10	0	-9	-1	0	0
Total	**834 327**	**1 292 876**	**-1 095 600**	**-119 527**	**15 255**	**927 331**

* The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.

** The item contains mainly: in the case of natural persons – investment loans and working capital loans for individual entrepreneurs and mortgage loans, and in the case of corporate and budgetary customers – investment and working capital loans

In the second quarter of 2008, the Group changed the method of allocating impairment losses calculated collectively to particular subgroups subject to the collective analysis. However, this change has not affected, to a large extent, the total value of impairment losses which are evaluated collectively. The above change did not constitute a change in accounting principles, hence comparable data presented for previous reporting periods was not restated.

In the second half of 2008, the Group terminated the review and amendments of its methodology of estimating impairment losses on loans and advances valued collectively. As a result of amendments in the methodology, in the second half of 2008, the amount of PLN 27 million was deducted from the Group's profit before tax.

	Impairment 31.12.2007	Recognized	Reversed	Written off	Other changes	Impairment 30.06.2008 *non-audited*
Natural persons*	**386 092**	**394 375**	**-352 544**	**-46 310**	**-3 087**	**378 526**
- overdraft facilities	70 803	36 914	-39 300	-922	0	67 495
- purchased debt	6 334	57	-33	0	-1	6 357
- term loans **	134 747	66 251	-111 800	-356	-2 013	86 829
- cash and instalment loans	105 251	234 012	-121 881	-44 828	0	172 554
- mortgages	67 258	55 963	-77 722	-204	-1 073	44 222
- realised guarantees	1 519	579	-1 209	0	0	889
- other receivables	180	599	-599	0	0	180
Corporate customers	**447 470**	**162 351**	**-133 187**	**-20 910**	**560**	**456 284**
- overdraft facilities	28 148	32 004	-23 261	-869	0	36 022
- purchased debt	5 851	402	-714	-1 070	0	4 469
- term loans **	374 545	126 968	-104 538	-18 444	1 093	379 624
- realised guarantees	8 025	288	-3 491	-527	0	4 295
- other receivables	30 901	2 689	-1 183	0	-533	31 874
Budget	**765**	**1 419**	**-1 271**	**-1**	**0**	**912**
- overdraft facilities	0	38	-37	0	0	1
- term loans **	755	1 381	-1 225	0	0	911
- purchased debt	10	0	-9	-1	0	0
Total	**834 327**	**558 145**	**-487 002**	**-67 221**	**-2 527**	**835 722**

* The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.

** The item contains mainly: in the case of natural persons – investment loans and working capital loans for individual entrepreneurs and mortgage loans, and in the case of corporate and budgetary customers – investment and working capital loans

IBNR

Impairment losses on incurred but not reported (IBNR) credit losses for homogenous balance sheet and off-balance sheet receivables portfolios as at 30.06.2009 amounted to PLN 116,264 thousand, including PLN 3,856 thousand related to off-balance sheet liabilities; as at 31.12.2008, amounted to PLN 93,591 thousand, including PLN 5,904 thousand related to off-balance sheet liabilities, and as at 30.06.2008, amounted to PLN 55,051 thousand, including PLN 4,548 thousand related to off-balance sheet liabilities.

24. Property, plant and equipment

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Property, plant and equipment, including:	371 405	364 994	353 314
- land	14 214	14 135	14 179
- buildings and premises	177 641	177 121	180 508
- plant and machinery	97 633	90 394	76 716
- motor vehicles	1 296	1 579	1 689
- other property, plant and equipment	80 621	81 765	80 222
Construction in progress	23 740	56 872	50 904
Total	**395 145**	**421 866**	**404 218**

25. Amounts due to Central Bank

By types

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Open market transactions	2 659 472	1 112 131	0
Liabilities	1 168	1 144	1 590
Total	**2 660 640**	**1 113 275**	**1 590**

By maturity dates

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
- up to 1 month	1 414 885	194 067	19
- 1-3 months	1 064 614	918 083	0
- 3-6 months	181 141	0	1 571
- 6 months to 1 year	0	1 125	0
Total	**2 660 640**	**1 113 275**	**1 590**

26. Amounts due to banks

By types

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Current accounts	1 008 657	1 271 449	2 977 321
Term deposits	3 124 725	4 087 081	521 375
Borrowed loans and advances	7 202 103	6 763 261	3 655 012
Other amounts due	5 033	3 222	4 023
Total	**11 340 518**	**12 125 013**	**7 157 731**

Amounts due to banks (by maturity dates as at the balance sheet date)

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
- up to 1 month	2 996 548	2 499 844	3 148 563
- 1-3 months	223 930	1 844 149	252 187
- 3-6 months	917 937	0	101 409
- 6 months to 1 year	822 545	1 017 759	560
- 1 - 3 years	4 114 348	4 714 895	1 610 697
- over 3 years	2 265 210	2 048 366	2 044 315
Total	**11 340 518**	**12 125 013**	**7 157 731**

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 the Bank's 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 received from KBC Group will be renewed at their maturities, what enables the Bank to treat them as long-term financing.

27. Amounts due to customers

By types

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Current accounts*	12 075 478	11 180 587	12 746 540
Term deposits	10 172 342	8 882 477	6 385 941
Borrowed loans and advances	146	149	0
Other amounts due	122 527	212 153	206 284
Total	**22 370 493**	**20 275 366**	**19 338 765**

* including Savings Account: as at 30.06.2009 – PLN 5,737,141 thousand, as at 31.12.2008 – PLN 4,245,387 thousand, as at 30.06.2008 – PLN 5,671,738 thousand.

By maturity dates

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
- up to 1 month	16 109 697	14 425 135	15 992 795
- 1-3 months	3 933 269	3 229 994	1 431 886
- 3-6 months	1 330 802	1 476 417	1 085 669
- 6 months to 1 year	535 767	716 340	510 240
- 1 - 3 years	225 872	194 506	33 667
- 3 - 5 years	227 160	214 787	258 976
- 5 - 10 years	7 062	17 327	24 678
- 10 - 20 years	864	860	854
Total	**22 370 493**	**20 275 366**	**19 338 765**

Liabilities by customer types

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Natural persons*	**13 436 253**	**10 375 169**	**11 361 040**
- in current account	8 217 254	6 797 580	8 290 887
- term deposits	5 099 576	3 403 116	2 870 830
- other	119 423	174 473	199 323
Corporate customers	**6 918 610**	**7 476 805**	**5 229 527**
- in current account	2 450 913	2 345 672	2 428 190
- term deposits	4 464 447	5 093 304	2 794 376
- loans and advances	146	149	0
- other	3 104	37 680	6 961
Budget	**2 015 630**	**2 423 392**	**2 748 198**
- in current account	1 407 311	2 037 335	2 027 463
- term deposits	608 319	386 057	720 735
Total	**22 370 493**	**20 275 366**	**19 338 765**

* The item contains: amounts due to private persons, individual entrepreneurs, individual farmers, non-commercial institutions providing services to households

28. Provisions

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Employee benefits provision	1 564	1 785	938
Provision for off-balance sheet items	28 158	14 899	10 813
Restructuring provision	2 083	419	2 145
Provision for litigations	34 915	42 371	108 776
Other	3 258	0	0
Total	**69 978**	**59 474**	**122 672**

The restructuring provision entails:

– the balance regarding the restructuring of employment, announced on 11.02.2009, of PLN 1,804 thousand;

– the balance regarding the earlier restructuring of employment and of property, plant and equipment resulting from the strategy implemented in the Group of PLN 279 thousand.

'Employee benefits provisions' are composed of provisions for retirement benefits.

29. Share capital

As at 30.06.2009, the parent company's share capital totalled PLN 1,358,294,400 and was divided into 271,658,880 shares of nominal value PLN 5.00 each. The parent company's shares are registered shares and bearer shares, but not preference shares. Each share entitles its holder to one vote at the parent company's General Meeting of Shareholders. The parent company's shares are admitted to public trading on the main market of the Warsaw Stock Exchange. In the first half of 2009 and in 2008, the share capital did not change.

The table below presents Shareholders of Kredyt Bank S.A. holding over 5% of total votes at the General Meeting of Shareholders of Kredyt Bank S.A. as at 30.06.2009.

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 NV – related party of KBC Bank NV*	Brokerage house	6 811 689**	2.51
Sofina S.A.	Investment company	15 014 772	5.53

**/ By the Resolution of the Commission for Banking Supervision No. 81/KNB/01 of 17 September 2001, KBC Bank NV is entitled to exercise no more than 75% of votes at the General Meeting of Shareholders of Kredyt Bank S.A.*
***/ A memorandum from KBC Securities NV of 20 April 2009.*

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.

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 shares which were assigned the code: PLKRDTB00011. The shares subject to the assimilation are assigned the code: PLKRDTB00011. At the same time, the shares were admitted, under the ordinary procedure, to public trading on the main market.

30. 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.

31. Capital adequacy ratio

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Capital requirement, including:	**2 423 403**	**2 430 774**	**1 894 010**
- credit risk, including counterparty credit risk	2 183 770	2 186 453	1 620 896
- market risk	39 797	44 308	73 101
- operational risk	199 836	200 013	200 013
Own funds and short-term capital	**3 264 738**	**2 677 872**	**2 313 831**
Basic capitals	**3 217 883**	**2 368 144**	**2 194 918**
- share capital	1 358 294	1 358 294	1 358 294
- supplementary capital	806 038	604 966	604 966
- revaluation reserve included in equity	-31 340	-6 121	-106 062
- other reserves	340 942	240 942	240 942
- currency translation differences from the translation of subordinated companies	0	-733	-733
- subordinated liabilities included in equity	851 821	280 140	209 070
- shares in financial entities	-13 042	-12 368	-13 461
- goodwill	-36 052	-36 052	-36 052
- intangible assets*	-58 778	-60 924	-62 046
Supplementary funds	**46 855**	**309 728**	**118 913**
- retained earnings (loss)	43 034	19 189	19 189
- short-term capital	3 821	145 731	99 724
- net profit included in the calculation of capital adequacy ratio	0	144 808	0
Capital adequacy ratio (%)	**10.78**	**8.81**	**9.77**

* Except for intangible assets used under contracts of finance lease

As at 30.06.2009 and 31.12.2008, the capital adequacy ratio was calculated according to the valid regulations of the Polish Financial Supervision Authority, and as at 30.06.2008, according to the valid regulations of the Commission for Banking Supervision.

Below, we present the following information concerning the compliance with capital requirements:

1) Amounts accounting for 8% of risk weighted exposures separately for each class of exposure defined in § 20 clause 1 of Annex No. 4 to the Resolution of the Polish Financial Supervision Authority No. 380/2008 concerning the capital adequacy of banks

in PLN '000'	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
The amount of the capital requirement for credit risk*, including counterparty credit risk:	**2 183 770**	**2 186 453**	**1 620 896**
- central governments and central banks	0	0	0
- regional governments and local authorities	4 267	5 334	5 511
- administrative bodies and non-commercial undertakings	8 989	10 282	7 016
- multilateral development banks	0	0	0
- international organisations	0	0	0
- institutions - banks	95 640	96 864	86 747
- corporates	617 540	706 830	643 976
- retail	766 329	827 685	541 138
- secured by real estate property	590 137	458 729	261 666
- past due items	40 105	17 697	11 390
- exposures belonging to regulatory high-risk categories	1 521	1 437	1 572
- covered bonds	0	0	0
- securitisation positions	0	0	0
- short-term exposures to banks and corporates	0	0	0
- in collective investment undertakings	0	0	0
- other exposures	59 242	61 595	61 880

* estimated on the basis of the Standardized Approach

2) The amounts of minimum capital requirements referred to in § 6 clause 1 items 2-5 of the Resolution of the Polish Financial Supervision Authority No. 380/2008 concerning the capital adequacy of banks

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
The amount of the capital requirement for credit risk, including:	**39 797**	**44 308**	**73 101**
- currency risk	0	0	4 083
- commodity price risk	0	0	0
- equity securities price risk	0	0	0
- price risk of debt instruments	0	0	19
- general interest rate risk	39 797	44 308	68 999

3) The amount of minimum capital requirements referred to in § 6 clause 1 item 6 of the Resolution of the Polish Financial Supervision Authority No. 380/2008 concerning the capital adequacy of banks

	Year	
Result*	2006	1 144 942
Result*	2007	1 353 582
Result*	2008	1 498 208
Ratio		15%
Capital Charge	2006	171 741
Capital Charge	2007	203 037
Capital Charge	2008	224 731
Operational risk requirement**		**199 836**

* calculated according to Annex No. 14 to Resolution No. 380/2008 of the Polish Financial Supervision Authority of 17.12.2008
** estimated on the basis of the Basic Indicator Approach (BIA)

As at 30.06.2009, 31.12.2008 and 30.06.2008, the exposure concentration limit, the large exposure limit and the capital concentration threshold were not exceeded in the Capital Group of Kredyt Bank S.A.

In June 2009, the Bank was granted the permission by the Polish Financial Supervision Authority to include the subordinated loan of CHF 165 million in the Bank's own funds, what resulted in an increase in the capital adequacy ratio to 10.78% as at 30.06.2009.

The risk management process is strictly related to the capital management process. According to the industry standards, the amount of the internal capital is defined from the economic point of view. In consequence, the internal capital of Kredyt Bank S.A. Capital Group is estimated by applying the internal capital model of KBC Group, having regard for all material types of risk and represents:

- the amount of required internal capital on the basis of the present situation;
- an additional amount, if the excess of ‘free’ internal capital, defined as the difference between available funds and the required internal capital decreases in the scenario based on three years’ forecasts of the further development of Kredyt Bank S.A. Capital Group. This additional amount should secure the excess of free internal capital against its full use.

32. Risk metrics underlying the calculations of the capital requirements for credit risk, including counterparty credit risk, set forth in the Banking Law

As at 30.06.2009

non-audited

Balance sheet instruments

Instrument	Carrying amount	Risk weighted value
Banking portfolio		
Cash	566 382	0
Receivables	**29 573 660**	**22 645 765**
Net loans and advances to banks (including Central Bank)	1 688 425	203 023
Net loans and advances to customers	27 885 235	22 442 742
Natural persons*	**19 021 726**	**14 319 620**
- overdraft facilities	703 754	589 891
- purchased debt	7 764	7 760
- term loans	924 091	788 194
- cash and instalment loans	3 458 844	2 594 554
- mortgages	13 904 295	10 316 245
- realised guarantees	569	569
- other receivables	22 409	22 407
Corporate customers	**8 581 602**	**8 053 178**
- overdraft facilities	1 794 155	1 771 787
- term loans	6 103 612	5 582 408
- purchased debt	170 142	170 142
- realised guarantees	2 826	3 306
- other receivables, including leasing fees	510 867	525 535
Budget	**281 907**	**69 944**
- overdraft facilities	41 326	9 357
- term loans	240 581	60 587
Debt securities**	7 117 991	66 635
Other securities, shares and derivatives	104 816	72 964
Non-current assets	600 010	600 010
Intangible assets	58 778	0
Other	389 923	137 814
Total banking portfolio	**38 411 560**	**23 523 188**
Trading portfolio (counterparty risk)	**2 690 380**	**636 013**
Total balance sheet instruments	**41 101 940**	**24 159 201**

* The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.

** in the Banking Book

Off-balance-sheet instruments

Instrument	Nominal value	Balance sheet equivalent	Risk weighted value
Banking portfolio			
Interest rate derivatives	2 522 600	13 538	6 730
Currency derivatives	4 733	47	47
Credit lines	3 927 138	1 842 744	1 622 748
Guarantees granted	1 844 021	1 361 387	1 325 397
Letters of credit	102 365	51 183	49 978
Other	53 815	53 815	33 336
Total banking portfolio	**8 454 672**	**3 322 714**	**3 038 236**
Trading portfolio (counterparty risk)	**132 166 534**	**640 822**	**99 682**
Total off-balance-sheet instruments	**140 621 206**	**3 963 536**	**3 137 918**

	Risk weighted value	Capital requirement
Total exposure to credit risk, including counterparty credit risk	**27 297 119**	**2 183 770**

As at 31.12.2008

Balance sheet instruments

Instrument	Carrying amount	Risk weighted value
Banking portfolio		
Cash	649 300	0
Receivables	**27 250 592**	**21 345 546**
Net loans and advances to banks (including Central Bank)	517 276	170 976
Net loans and advances to customers	26 733 316	**21 174 570**
Natural persons*	**17 746 779**	**13 135 697**
- overdraft facilities	625 521	516 820
- purchased debt	4 331	4 325
- term loans	895 527	763 822
- cash and instalment loans	3 403 108	2 500 838
- mortgages	12 801 969	9 333 569
- realised guarantees	551	551
- other receivables	15 772	15 772
Corporate customers	**8 637 921**	**7 953 637**
- overdraft facilities	1 839 291	1 808 461
- term loans	6 218 418	5 578 615
- purchased debt	47 031	47 031
- realised guarantees	3 682	3 682
- other receivables, including leasing fees	529 499	515 848
Budget	**348 616**	**85 236**
- overdraft facilities	4 398	2 206
- term loans	344 218	83 030
Debt securities**	6 325 120	159 690
Other securities, shares and derivatives	202 043	105 202
Non-current assets	631 733	631 733
Intangible assets	60 924	0
Other	269 422	135 369
Total banking portfolio	**35 389 134**	**22 377 540**
Trading portfolio (counterparty risk)	**3 341 542**	**1 116 603**
Total balance sheet instruments	**38 730 676**	**23 494 143**

* The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.
** in the Banking Book

Off-balance-sheet instruments

Instrument	Nominal value	Balance sheet equivalent	Risk weighted value
Banking portfolio			
Interest rate derivatives	4 233 600	15 863	5 895
Currency derivatives	4 211	42	42
Credit lines	5 275 590	2 462 133	2 086 903
Guarantees granted	1 810 195	1 574 363	1 525 959
Letters of credit	108 694	54 347	54 069
Other	12 466	12 466	12 466
Total banking portfolio	**11 444 756**	**4 119 214**	**3 685 334**
Trading portfolio (counterparty risk)	**249 011 587**	**414 745**	**151 190**
Total off-balance-sheet instruments	**260 456 343**	**4 533 959**	**3 836 524**

	Risk weighted value	Capital requirement
Total exposure to credit risk, including counterparty credit risk	**27 330 667**	**2 186 453**

As at 30.06.2008 (comparable data)

non-audited

Balance sheet instruments

Instrument	Carrying amount	Risk weighted value
Banking portfolio		
Cash	483 932	0
Receivables	**21 152 672**	**15 627 442**
Loans and advances to banks (including Central Bank)	1 865 102	367 101
Net loans and advances to customers	19 287 570	15 260 341
Natural persons*	**11 671 242**	**8 511 842**
- overdraft facilities	584 189	479 556
- purchased debt	4 649	4 642
- term loans	776 919	650 820
- cash and instalment loans	2 687 684	1 971 157
- mortgages	7 599 220	5 387 086
- realised guarantees	659	659
- other receivables	17 922	17 922
Corporate customers	**7 280 938**	**6 668 855**
- overdraft facilities	1 807 580	1 751 807
- term loans	5 062 284	4 520 670
- purchased debt	18 517	18 517
- realised guarantees	3 305	3 305
- other receivables, including leasing fees	389 252	374 556
Budget	**335 390**	**79 644**
- overdraft facilities	622	277
- term loans	334 768	79 367
Debt securities**	5 780 622	222 078
Other securities, shares and derivatives	45 010	43 377
Non-current assets	619 538	619 538
Intangible assets (including goodwill)	62 415	0
Other	352 424	151 101
Total banking portfolio	**28 496 613**	**16 663 536**
Trading portfolio (counterparty risk)	**1 692 357**	**344 402**
Total balance sheet instruments	**30 188 970**	**17 007 938**

* The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.
** in the Banking Book

Off-balance-sheet instruments

Instrument	Nominal value	Balance sheet equivalent	Risk weighted value
Banking portfolio			
Interest rate derivatives	4 163 600	18 289	6 650
Currency derivatives	7 897	79	79
Credit lines	5 186 044	2 343 560	2 096 598
Guarantees granted	1 288 493	978 648	961 483
Letters of credit	83 505	41 752	41 009
Other	10 544	10 544	3 344
Total banking portfolio	**10 740 083**	**3 392 872**	**3 109 163**
Trading portfolio (counterparty risk)	**279 356 107**	**492 907**	**144 101**
Total off-balance-sheet instruments	**290 096 190**	**3 885 779**	**3 253 264**

	Risk weighted value	Capital requirement
Total exposure to credit risk, including counterparty credit risk	**20 261 202**	**1 620 896**

33. Granted off-balance sheet liabilities

By types

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
Financing	**4 028 037**	**5 389 649**	**5 248 116**
- undrawn credit lines	2 856 155	2 776 440	3 206 461
- undrawn overdraft facilities	621 613	1 685 691	1 416 154
- limits on credit cards	452 012	820 129	535 976
- opened import letters of credit	98 257	107 389	80 525
- term deposits to be released	0	0	9 000
Guarantees	**1 884 213**	**1 829 781**	**1 329 624**
- guarantees granted	1 880 054	1 828 589	1 326 629
- export letters of credit	4 159	1 192	2 995
Total	**5 912 250**	**7 219 430**	**6 577 740**

Financing by maturity dates

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
- up to 1 month	458 885	818 777	553 822
- 1-3 months	237 592	219 447	228 513
- 3-6 months	477 329	302 207	601 513
- 6 months to 1 year	874 448	1 391 025	874 357
- 1 - 3 years	668 436	760 264	963 969
- 3 - 5 years	510 673	262 115	276 887
- over 5 years	800 674	1 635 814	1 749 055
Total	**4 028 037**	**5 389 649**	**5 248 116**

Guarantees by maturity dates

	30.06.2009 *non-audited*	Comparable data 31.12.2008	Comparable data 30.06.2008 *non-audited*
- up to 1 month	58 325	52 612	59 691
- 1-3 months	156 361	65 566	77 293
- 3-6 months	130 773	57 834	79 835
- 6 months to 1 year	177 888	274 086	235 871
- 1 - 3 years	432 315	465 537	268 623
- 3 - 5 years	308 655	245 491	249 892
- over 5 years	619 896	668 655	358 419
Total	**1 884 213**	**1 829 781**	**1 329 624**

Major items in liabilities related to the guarantees issued for customers are guarantees of good contracts performance and loan repayment guarantees. The Group offers its customers guarantees as a standard loan product offer mainly for corporate customers. Commission income from guarantees granted are charged to fee and commission income in the income statement on a straight-line basis over the lifetime of the guarantee.

The Group treats guarantees granted and unconditional financing liabilities as an exposure with credit risk for the purpose of credit risk management. The assessment of risk under issued guarantees is an element of the credit risk assessment process resulting from other credit products held by particular customers, i.e. all credit facilities, including guarantees, issued to particular borrowers are at the same time analysed for the occurrence of the impairment indicators and required level of allowance for impairment.

As at 30.06.2009, the estimated provision for the guarantees granted and unconditional financing liabilities amounted to PLN 28,158 thousand, and PLN 10,813 thousand as at 30.06.2008. These amounts were presented in Note 28 as ‘provision for off-balance sheet items’.

34. Discontinued operations

The Group did not carry out operations which were discontinued in the first half of 2009.

The Group did not carry out operations which were discontinued in 2008, except for the operations of KIF BV registered in the Netherlands, which launched the liquidation procedure and was deleted from Dutch court registers on 12.01.2009. Income and expenses of KIF BV following the launch of the liquidation procedure were insignificant.

35. Related party transactions

On 26.01.2009, the Bank received the decision of the Polish Financial Supervision Authority (KNF) concerning its consent to include an amount of PLN 75 million into Kredyt Bank S.A.'s supplementary funds, pursuant to the terms and conditions of the subordinated loan agreement concluded on 17.12.2008 between Kredyt Bank S.A. and KBC Bank NV, Dublin branch. The cash related to this agreement was released on 30.01.2009.

On 7.05.2009, Kredyt Bank S.A. concluded with KBC Bank NV Dublin Branch a subordinated loan agreement with the value of CHF 165 million (i.e. PLN 472,708,500.00 according to the average rate of exchange of the NBP as of 7.05.2009). The agreement was concluded on market terms with the repayment period of ten years from the release of the financial resources. The interest rate is based on LIBOR rate plus margin. The said agreement provides for the possibility of an earlier repayment of the loan, at any time, but not earlier than after 5 years from the date of the first payment of the funds. The earlier repayment will require a permit from the Polish Financial Supervision Authority. The agreement contains a condition precedent which involves the submission to the Lender, i.e. KBC Bank NV Dublin Branch, by the Borrower, i.e. Kredyt Bank, of the authorization of the Polish Financial Supervision Authority to include the amount of the said subordinated loan in the Bank's own funds. On 12.06.2009, the Bank's Management Board received a decision of the Polish Financial Supervision Authority on its consent to include cash in the Bank's supplementary funds. Cash obtained under the above-mentioned loan was used to finance the Bank's current operations.

Apart from the above transactions, in the first half of 2009, no significant non-standard transactions had place with related parties whose nature and terms were not related to current operations.

Below, we present significant non-standard related party transactions concluded in 2008.

On 7.02.2008, Kredyt Bank S.A. executed, with Kredietbank S.A. Luxembourgeoise (which later changed its name to KBL European Private Bankers S.A.), a multicurrency loan agreement up to the amount equivalent to EUR 200 million (i.e. PLN 719,580,000 at the average exchange rate of the NBP of 7.02.2008). The agreement was concluded on market terms with the repayment period of two years and one day. The loan can be drawn in CHF or PLN. The interest rate is based on LIBOR/WIBOR rates plus margin. The amount of cash received under the above-mentioned agreement exceeds 10% of the Bank's equity. Cash obtained under the above-mentioned loan was used to finance the Bank's current operations.

On 19.03.2008, Kredyt Bank S.A. executed, with KBC Bank NV Dublin Branch, a subordinated loan agreement up to the amount equivalent to CHF 100 million. The subordinated loan agreement was concluded on market terms with the repayment period of ten years from the release of the financial resources. On 3.06.2008, the Bank received the decision of the Polish Financial Supervision Authority (KNF) of 26.05.2008, regarding its consent to include cash of CHF 100,000,000 (i.e. PLN 210,520,000 at the average exchange rate of the NBP of 26.05.2008) in the Bank's supplementary funds.

On 19.06.2008, Kredyt Bank S.A. executed, with KBL European Private Bankers S.A. (formerly Kredietbank S.A. Luxembourgeoise), a multicurrency loan agreement up to the amount equivalent to EUR 200 million (i.e. PLN 673,700,000.00 at the average exchange rate of the NBP of 19.06.2008). The loan agreement was concluded on market terms with the repayment period of three years. The loan can be drawn in EUR, CHF or PLN. The interest rate is based on LIBOR/WIBOR rates plus margin. The amount of cash received under the above-mentioned loan agreement exceeds 10% of the Bank's equity. Cash obtained under the above-mentioned loan was used to finance the Bank's current operations.

On 25.08.2008, Kredyt Bank S.A. executed, with KBL European Private Bankers S.A., a multicurrency loan agreement up to the amount equivalent to EUR 200 million (i.e. PLN 662,540,000.00 at the average exchange rate of the NBP of 25.08.2008). The loan agreement was concluded on market terms with the repayment period of three years. The loan can be drawn in EUR, CHF or PLN. The interest rate is based on LIBOR/WIBOR rates plus margin. The amount of cash received under the above-mentioned loan agreement exceeds 10% of the Bank's equity. Cash obtained under the above-mentioned loan was used to finance the Bank's current operations.

On 20.10.2008, Kredyt Bank S.A. ('Bank') and KBL European Private Bankers S.A. signed a loan agreement with the value of EUR 200 million (i.e. PLN 710,300,000 at the average rate of exchange of the NBP as of 20.10.2008). The loan agreement was concluded on market terms with the repayment period of three years. The interest rate is based on LIBOR rate plus margin. The amount of cash received by the Bank under the above-mentioned loan agreement exceeds 10% of the Bank's equity. Cash obtained under the above-mentioned loan will be used to finance the Bank's current operations.

On 7.12.2008, Kredyt Bank S.A. and KBC Bank NV Dublin Branch concluded a subordinated loan agreement amounting to PLN 75,000,000. The loan agreement was concluded on market terms with the repayment period of ten years. The interest rate is based on WIBOR rate plus the Bank's margin. All the cash from the loan was allocated to the establishment of additional supplementary funds. The cash related to this agreement was released on 30.01.2009.

Apart from the above transactions, in 2008, no significant non-standard transactions had place with related parties whose nature and terms were not related to current operations.

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

As at 30.06.2009

non-audited

Assets	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 30.06.2009
Loans and advances to banks	0	226 620	3 554	**230 174**
Derivatives	0	227 364	25 035	**252 399**
Loans and advances to customers	0	0	205 681	**205 681**
Other assets	540	87	16 079	**16 706**
Total assets	**540**	**454 071**	**250 349**	**704 960**

* Including WARTA Group

Liabilities	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 30.06.2009
Amounts due to banks	0	5 689 180	5 386 176	**11 075 356**
Derivatives	0	331 705	3 629	**335 334**
Amounts due to customers	4 400	0	1 935 493	**1 939 893**
Subordinated liabilities	0	849 952	0	**849 952**
Other liabilities	0	1 487	9 267	**10 754**
Total liabilities	**4 400**	**6 872 324**	**7 334 565**	**14 211 289**

* Including WARTA Group

Off-balance sheet items	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 30.06.2009
Granted financing liabilities	0	0	125 058	**125 058**
Guarantees granted	0	50 345	17 538	**67 883**
Guarantees received	0	1 212 485	59 151	**1 271 636**
Derivatives	0	31 230 426	1 914 302	**33 144 728**
Total off-balance sheet items	**0**	**32 493 256**	**2 116 049**	**34 609 305**

* Including WARTA Group

Income	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for the first half of 2009
Interest income	0	23 587	76 085	**99 672**
Commission income	2 975	104	12 770	**15 849**
Net trading income	239	-117 286	-23 717	**-140 764**
Other operating income	8	1 577	4 186	**5 771**
Total income	**3 222**	**-92 018**	**69 324**	**-19 472**

* Including WARTA Group

Expenses	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for the first half of 2009
Interest expense**	58	63 629	107 083	**170 770**
Commission expense	0	99	-8 803	**-8 704**
General and administrative expenses	0	2 176	9 139	**11 315**
Total expenses	**58**	**65 904**	**107 419**	**173 381**

* Including WARTA Group

**commissions settled according to EIR

<u>As at 31.12.2008</u>

Assets	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.12.2008
Loans and advances to banks	0	133 134	12 317	**145 451**
Derivatives	0	408 907	25 828	**434 735**
Loans and advances to customers	0	0	175 000	**175 000**
Other assets	1 093	2	28 130	**29 225**
Total assets	**1 093**	**542 043**	**241 275**	**784 411**

* Including WARTA Group

Liabilities	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.12.2008
Amounts due to banks	0	4 146 139	7 530 840	**11 676 979**
Derivatives	0	641 476	40 121	**681 597**
Amounts due to customers	4 919	0	2 697 595	**2 702 514**
Subordinated liabilities	0	279 643	0	**279 643**
Other liabilities	0	1 439	29 128	**30 567**
Total liabilities	**4 919**	**5 068 697**	**10 297 684**	**15 371 300**

* Including WARTA Group

Off-balance sheet items	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.12.2008
Granted financing liabilities	0	0	156 040	**156 040**
Received financing liabilities	0	418 306	300	**418 606**
Guarantees granted	0	47 671	20 365	**68 036**
Guarantees received	0	1 176 891	51 857	**1 228 748**
Derivatives	0	42 742 638	1 777 173	**44 519 811**
Total off-balance sheet items	**0**	**44 385 506**	**2 005 735**	**46 391 241**

* Including WARTA Group

Income	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for 2008
Interest income**	0	24 782	299 086	**323 868**
Commission income	8 855	86	26 344	**35 285**
Net trading income	0	-185 883	-44 385	**-230 268**
Other operating income	113	167	10 594	**10 874**
Total income	**8 968**	**-160 848**	**291 639**	**139 759**

* Including WARTA Group

**including commissions settled according to EIR

Expenses	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for 2008
Interest expense	1 038	197 283	190 487	**388 808**
Commission expense	0	411	-10 430	**-10 019**
General and administrative expenses	0	5 213	19 979	**25 192**
Total expenses	**1 038**	**202 907**	**200 036**	**403 981**

* Including WARTA Group

As at 30.06.2008 (comparable data)

non-audited

Assets	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 30.06.2008
Loans and advances to banks	0	81 568	181 005	**262 573**
Derivatives	0	104 904	4 402	**109 306**
Loans and advances to customers	0	0	180 399	**180 399**
Other assets	1 118	137	29 672	**30 927**
Total assets	**1 118**	**186 609**	**395 478**	**583 205**

* Including WARTA Group

Liabilities	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 30.06.2008
Amounts due to banks	0	3 787 806	1 678 260	**5 466 066**
Derivatives	0	152 782	578	**153 360**
Amounts due to customers	23 091	0	1 408 071	**1 431 162**
Subordinated liabilities	0	208 800	0	**208 800**
Other liabilities	0	1 081	31 847	**32 928**
Total liabilities	**23 091**	**4 150 469**	**3 118 756**	**7 292 316**

* Including WARTA Group

Off-balance sheet items	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 30.06.2008
Granted financing liabilities	0	0	159 488	**159 488**
Guarantees granted	0	3 720	15 936	**19 656**
Guarantees received	0	997 447	35 974	**1 033 421**
Derivatives	0	23 141 050	680 734	**23 821 784**
Total off-balance sheet items	**0**	**24 142 217**	**892 132**	**25 034 349**

* Including WARTA Group

Income	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for the first half of 2008
Interest income**	0	11 570	141 102	**152 672**
Commission income	5 189	27	13 424	**18 640**
Net trading income	0	24 676	-2 768	**21 908**
Other operating income	14	159	2 908	**3 081**
Total income	**5 203**	**36 432**	**154 666**	**196 301**

* including WARTA Group
**commissions settled according to EIR

Expenses	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for the first half of 2008
Interest expense	627	93 219	43 282	**137 128**
Commission expense	0	43	-4 281	**-4 238**
General and administrative expenses	0	1 992	4 174	**6 166**
Total expenses	**627**	**95 254**	**43 175**	**139 056**

* Including WARTA Group

36. Remunerations of the Members of the Supervisory Board and of the Management Board of Kredyt Bank S.A. and of the Group's companies

Remunerations, awards, bonuses and other benefits paid to Members of the Bank's Management Board and Supervisory Board.

Bank's Management Board	01.01.2009-30.06.2009 *non-audited*	Comparable data 01.01.2008-31.12.2008	Comparable data 01.01.2008-30.06.2008 *non-audited*
Basic remunerations	2 623	4 767	2 363
Bonuses	1 865	795	795
Other benefits	379	1 716	1 481
Severance pays	0	4 125	4 125
Total	**4 867**	**11 403**	**8 764**

Bank's Supervisory Board	01.01.2009-30.06.2009 *non-audited*	Comparable data 01.01.2008-31.12.2008	Comparable data 01.01.2008-30.06.2008 *non-audited*
Basic remunerations and other benefits	827	2 261	1 123
Total	**827**	**2 261**	**1 123**

Total remunerations, awards, bonuses and other benefits paid to members of the managing authorities in the Group's companies.

Management Boards of Group's Companies	**01.01.2009-30.06.2009** *non-audited*	**Comparable data 01.01.2008-31.12.2008**	**Comparable data 01.01.2008-30.06.2008** *non-audited*
Reliz Sp. z o.o.	119	269	120
Żagiel S.A.	1 306	1 767	1 290
Kredyt Lease S.A.	654	1 181	717
Kredyt Trade Sp. z o.o.	329	507	291
BFI Serwis Sp. z o.o.	13	26	13
Net Banking Sp. z o.o.	0	0	0
Lizar Sp. z o.o.	0	0	0
Total	**2 421**	**3 750**	**2 431**

Total remuneration for each category of benefits paid to the Members of the Bank's Management Board and of the Bank's Supervisory Board.

Benefit	**01.01.2009-30.06.2009** *non-audited*	**Comparable data 01.01.2008-31.12.2008**	**Comparable data 01.01.2008-30.06.2008** *non-audited*
Short-term employee benefits	5 694	9 165	5 425
Benefits paid after employment termination	0	288	251
Severance pays	0	4 211	4 211
Total	**5 694**	**13 664**	**9 887**

In the first half of 2009 and in 2008, the Members of the Bank's Management Board and the Members of the Bank's Supervisory Board did not receive remuneration for performing their functions in subsidiaries (except for Michał Oziembło, Vice-President of the Management Board).

All disclosures concerning the Members of the Management Board and the Members of the Supervisory Board are presented in this Note and no other material remuneration-related benefits for the Members of the Management Board and the Members of the Supervisory Board were paid.

37. Value of loans and advances granted to Members of the Management Board and of the Supervisory Board of the Bank and in its subsidiaries

Transactions concluded with the Bank's Management Staff are executed within the standard product offer.

As at 30.06.2009, total indebtness related to loans and cash loans granted by the Group amounted to:

- for Members of the Bank's Management Board – PLN 1,005 thousand;
- for Members of the Bank's Supervisory Board – PLN 661 thousand;
- for the Bank's employees – PLN 273,700 thousand.

As at 31.12.2008, total indebtness related to loans and cash loans granted by the Group amounted to:

- for Members of the Bank's Management Board – PLN 1,027 thousand;
- for Members of the Bank's Supervisory Board – PLN 694 thousand;
- for the Bank's employees – PLN 258,501 thousand.

As at 30.06.2008, total indebtness related to loans and cash loans granted by the Group amounted to:

- for Members of the Bank's Management Board – PLN 1,049 thousand;
- for Members of the Bank's Supervisory Board – PLN 728 thousand;
- for the Bank's employees – PLN 181,740 thousand.

As at 30.06.2009, the total indebtness of Members of the Management Board and of the Supervisory Board of the Bank is paid on a regular basis, due indebtness is not present. Past due debts of employees amount to PLN 2,834 thousand.

The Members of the Management Board and the Members of the Supervisory Board did not receive any loans and advances in subsidiaries.

All disclosures concerning the Members of the Management Board and the Members of the Supervisory Board are presented in this Note and there is no other material information concerning loans and advances granted to the Members of the Management Boards and the Members of the Supervisory Boards in the Bank and in subsidiaries.

38. Disposal of subordinated companies

No subordinated companies were sold in the first half of 2009 and in 2008.

39. Seasonality or cyclical nature of operations

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

40. The issue, redemption, repayment of debt and equity securities

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

41. Dividends paid and declared

Pursuant to the Resolution of 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.

On 28.05.2008, the Ordinary General Meeting of Shareholders of Kredyt Bank S.A. adopted a resolution on the allocation of PLN 141,262,617.60 from the distribution of profit for 2007 to the payment of dividend (which accounted for ca. 35% of the Bank's net profit). Gross dividend per share amounted to PLN 0.52. The right to dividend was established on 3.07.2008. The payment of dividend was effected on 18.07.2008.

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

In the first half 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 pending proceedings, in which the Group's company 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. Due to the fact that the criminal court failed to send the requested factual proofs, the Circuit Court ordered to send another summons in this respect and adjourned the hearing by 25.09.2009. By this time, according to the court, all requested proofs should be made available so as to continue the substantive examination of the case. 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 brought about damage to the company worth PLN 400,000.

- A suit filed by MSG Investment Sp. z o.o. in liquidation. The plaintiff claims that, as a result of debt recovery measures taken by the Bank, he lost PLN 25 million (no calculations are presented in the lawsuit). In the Bank's opinion, the basis for claims specified in the lawsuit is doubtful. On 14.03.2008, the court dismissed the lawsuit of MSG for the Bank to pay PLN 25 million. MSG Investment appealed against this decision, however, on 30.06.2008, the appeal court in Łódź dismissed the appeal. The plaintiff made the last resort appeal in this case. On 26.08.2008, the Bank requested to concede the enforceability clause to the court judgment of 14.03.2008 and received the executive title in September 2008. On 18.06.2009, the Supreme Court dismissed the last resort appeal of MSG Investment. The case was terminated with a valid judgment.

- 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 intercharge fee rate. On 17.01.2006 and 19.01.2007, appeals against Decision No. DAR 15/2006 of the President of the Office for Competition and Customer Protection were made on behalf of HSBC Bank Polska and Kredyt Bank. In this decision, the President of the Office for Competition and Customer Protection resolved that joint determination by the Banks, Visa and MasterCard of the interchange fee restricted competition. On 18.01.2007, the President of the Office for Competition and Customer Protection issued a decision in which they obliged the banks to jointly and severally pay PLN 157.6 thousand to the Polish Organization of Commerce and Distribution (POHiD) as reimbursement of the proceedings costs. Kredyt Bank S.A. complained against this decision on 31.01.2007 and deemed it unjustified. The case was referred to the Economic Court in Warsaw which split the case into separate proceedings against each of the banks involved in the case. On 25.08.2008, the court decided to withhold the execution of the decision issued in the case of interchange fees. On 12.11.2008, the circuit court in Warsaw, the Competition and Customer Protection Court, issued a judgment amending the contested decision, in which the court stated that the Banks had not applied monopolistic practices in this respect. On 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 building owner. 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. In the Bank’s opinion, a part of potential claims is prescribed. On 31.07.2009, the Court announced its judgment confirming the ineffectiveness, towards MZH, of the agreement on the sale of Altus building concluded between BC 2000 and Reliz. The sentence is not legally valid. Reliz intends to appeal against the judgment.

- 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 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 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.

43. Events after balance sheet date

On 24.07.2009, the Committee of Creditors (including Kredyt Bank) voted for the arrangement concerning the restructuring of the liabilities of one of the Bank's customers ('Company') within the rehabilitation proceedings. The arrangement provides for the restructuring of the Company's liabilities towards banks (including Kredyt Bank) that are its creditors. The coming into force of the signed arrangement calls for the satisfaction of multiple conditions precedent (for example, this arrangement must be approved by the court).

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.

44. Risk management at Kredyt Bank S.A. Capital Group

The Bank's supervisory bodies, explicitly the Management Board and the Supervisory Board, play the most important role in the risk management process.

The Bank's Supervisory Board, through the Audit Committee, is informed about the most vital decisions and gives opinions about the actions of the Management Board in this respect.

Particular risks are dealt with directly by specialised Committees:

- Assets and Liabilities Management Committee – responsible for management of the risk in the banking portfolio and in the trading portfolio as well as management of the Bank's structural liquidity;
- Operating Risk Committee – supervising the management of the operational risk;
- Credit Risk Committee – supervising the credit risk management process.

Members of the Management Board supervise works of the above committees; there are at least two Board Members in each committee.

The Risk Management Department deals with measurement and monitoring of all types of risks in Kredyt Bank. This is the only unit reporting all issues regarding risk, fully independent of business units.

In the process of the identification, measurement and risk management, the Bank applies techniques relevant to a given type of risk.

The overriding objectives of risk management policy concerning mainly the observance of internal and external limits and optimising and mitigating risk in the process of ongoing monitoring are being systematically implemented. The risk management process is strictly related to the capital management process. The main objective of capital management in the Bank is to optimise it and, at the same time, to meet external capital requirements. To achieve this goal, in the first half of 2008, the Bank implemented ICAAP (Internal Capital Adequacy Assessment Process).

44.1. Credit risk

Credit risk in Kredyt Bank S.A. Capital Group is defined as the potential shortfall relative to the value expected for a financial instrument consequent on non-payment or non-performance by a borrower, guarantor or counter-guarantor, counterparty (in relation to treasury transactions) or An issuer (of a debt instrument), due to that party's insolvency or lack of willingness to pay, or to events or measures taken by the political or monetary authorities of a particular country.

Credit risk management process in Kredyt Bank Group entails the following phases:

- Risk identification.
- Risk measurement (e.g. maximum approach, risk weighted assets, Exposure At Default – EAD, Expected Loss – EL, Unexpected Loss – UL).
- Limits monitoring (e.g. exposures concentrations related to loans used to finance commercial properties, related to residential properties, industrial properties, professional properties and commercial properties).
- Reporting.
- Analysis and formulating recommendations.
- Decision-making process.

The main participants in the credit risk management process, within the organisation of the risk management system, are as follows:

- Supervisory Board;
- Audit Committee;
- Bank's Management Board;
- Credit Risk Committee;
- Credit Risk Office in the Risk Management Department;
- Consumer Finance Credit Risk Office;
- SME and Corporate Credits Department;
- Retail Credits Department;
- business lines managers;
- Audit and Inspection Department.

Credit risk is managed taking into account the credit risk aspect corresponding to individual transactions and from the portfolio perspective.

The process of risk management for individual transactions entails risk assessment for such a transaction and, depending on its level, application of an appropriate decision-making process. SME and Corporate Credits Department and Retail Credits Department play the key role in the risk management for individual transactions.

The portfolio risk management is the main responsibility of the Credit Risk Committee. The main tasks of the Committee are as follows:

- Supporting the Management Board in:
    - the development and review of the risk management system, including the lending policy;
    - informing about the risk management system;
    - monitoring the implementation status of the risk management system;
    - establishing tolerance to risk (e.g. portfolio limits);
    - monitoring the implementation status of measures taken in response to observed risk;

  - o assessing potential differences concerning the implementation of the credit risk management system between particular companies of Kredyt Bank Group;
- Taking measures in response to observed risk.
- Mathematical and operational aspects (such as the application of models, monitoring measures, etc.) of all credit risk models developed and/or applied in Kredyt Bank Group.
- Taking decisions concerning credit risk related to the powers granted by the Management Board.

The Group's gross exposure towards 10 major corporate customers

As at 30.06.2009

Company	Share (%) in the portfolio
Customer 1	3.3
Customer 2	2.4
Customer 3	2.3
Customer 4	2.2
Customer 5	2.1
Customer 6	2.1
Customer 7	1.8
Customer 8	1.8
Customer 9	1.6
Customer 10	1.4
Total	**21.0**

As at 31.12.2008

Company	Share (%) in the portfolio
Customer 1	2.8
Customer 2	2.8
Customer 3	2.2
Customer 4	2.1
Customer 5	2.0
Customer 6	2.0
Customer 7	2.0
Customer 8	1.9
Customer 9	1.6
Customer 10	1.5
Total	**20.9**

As at 30.06.2008

Company	Share (%) in the portfolio
Customer 1	3.0
Customer 2	2.6
Customer 3	2.6
Customer 4	2.5
Customer 5	2.4
Customer 6	2.3
Customer 7	2.2
Customer 8	2.2
Customer 9	2.1
Customer 10	1.7
Total	**23.6**

The Bank's debt in industrial segments (excluding natural persons)

Industry	Exposure % 30.06.2009	Comparable data Exposure % 31.12.2008	Comparable data Exposure % 30.06.2008
Production activities	30.0	27.9	31.6
Retail and wholesale; repairs of motor vehicles and articles for personal and home use	24.3	24.1	22.5
Real estate administration and lease	16.1	15.3	10.0
Financial intermediation	9.9	11.3	15.3
Construction	6.1	5.8	5.6
Transport, storing and communication	3.6	4.7	4.7
Agriculture, hunting and forestry	2.3	2.3	1.9
Public administration and national defence, legally guaranteed social care	2.2	2.8	3.0
Mining	1.6	1.6	1.5
Health care and social care	1.0	1.1	1.1
Supplies of electricity, gas and water	0.9	1.0	0.8
Hotels and restaurants	0.8	0.9	0.8
Other services to municipalities, social and individual services	0.8	0.9	1.0
Education	0.3	0.2	0.2
Fishing and fish culture	0.1	0.1	0.0
Total	**100**	**100**	**100**

The Group's exposure in geographical segments

Province	Gross loans structure (%) 30.06.2009 *non-audited*	Comparable data Gross loans structure (%) 31.12.2008	Comparable data Gross loans structure (%) 30.06.2008 *non-audited*
Mazowieckie	23.0	22.7	22.2
Lubelskie	13.1	13.8	14.7
Dolnośląskie	10.6	10.8	10.7
Wielkopolskie	8.7	8.9	8.7
Pomorskie	7.7	7.3	6.9
Małopolskie	6.9	5.7	7.2
Śląskie	6.3	7.3	6.8
Zachodniopomorskie	4.8	4.8	4.5
Łódzkie	3.9	3.9	4.0
Podlaskie	3.1	3.2	3.3
Kujawsko-pomorskie	2.9	2.9	2.8
Podkarpackie	2.6	2.6	2.6
Warmińsko-mazurskie	2.2	2.1	2.2
Lubuskie	1.6	1.6	1.3
Świętokrzyskie	1.4	1.2	1.2
Opolskie	1.0	1.0	0.7
Non-resident	0.2	0.2	0.2
Total	**100**	**100**	**100**

As at 30.06.2009, 31.12.2008 and 30.06.2008, the limits of the concentration were not exceeded.

The Bank monitors established legal securities of loan transactions by evaluation of the value of approved collateral on the basis of documents lodged by the borrower (including valuations of appraisers) and internal databases including historic data about the recoverability of collateral.

The Group's maximum exposure to credit risk

Balance sheet instruments	30.06.2009 Carrying amount	31.12.2008 Carrying amount	30.06.2008 Carrying amount
Debt securities and shares in investment funds:	**8 764 951**	**7 548 544**	**6 660 689**
- available-for-sale	4 333 170	4 357 896	3 923 388
- held-to-maturity	1 905 356	1 872 884	1 754 808
- financial assets at fair value through profit or loss	2 526 425	1 317 764	982 493
Derivatives	**1 125 105**	**2 302 799**	**838 843**
Loans and advances	**29 573 660**	**27 250 592**	**21 152 672**
- Net loans and advances to banks (including Central Bank)	**1 688 425**	**517 276**	**1 865 102**
- net loans and advances to customers, including:	**27 885 235**	**26 733 316**	**19 287 570**
Natural persons	**19 021 726**	**17 746 779**	**11 671 242**
- overdraft facilities	703 754	625 521	584 189
- purchased debt	7 764	4 331	4 649
- term loans	924 091	895 527	776 919
- cash and instalment loans	3 458 844	3 403 108	2 687 684
- mortgages	13 904 295	12 801 969	7 599 220
- realised guarantees	569	551	659
- other receivables	22 409	15 772	17 922
Corporate customers	**8 581 602**	**8 637 921**	**7 280 938**
- overdraft facilities	1 794 155	1 839 291	1 807 580
- term loans	6 103 612	6 218 419	5 062 284
- purchased debt	170 142	47 031	18 517
- realised guarantees	2 826	3 682	3 305
- other receivables	510 867	529 498	389 252
Budget	**281 907**	**348 616**	**335 390**
- overdraft facilities	41 326	4 398	622
- term loans	240 581	344 218	334 768
Various debtors (receivables recognized in other assets)	**109 484**	**113 269**	**109 554**
Total	**39 573 200**	**37 215 204**	**28 761 758**

Granted off-balance sheet liabilities	30.06.2009	31.12.2008	30.06.2008
Financial	4 028 037	5 389 649	5 248 116
Guarantees	1 884 213	1 829 781	1 329 624
Total liabilities granted	**5 912 250**	**7 219 430**	**6 577 740**
Total assets and off-balance sheet items	**45 485 450**	**44 434 634**	**35 339 498**

Due to the global and local economic deterioration in the first half of 2009, to swiftly respond to the disadvantageous trends in the quality of the loan portfolio, the Bank focused on the analysis of the following credit risk reports:

- a report on the loan portfolio and the most important aspects of credit risk;
- detailed reports on the monitoring process of credit risk for retail customers, Consumer Finance and corporate customers;
- vintage analyses;
- reports on largest exposures;
- stress testing for the portfolio of mortgages and the capital adequacy ratio;
- reports on the quality of the loan portfolio, having regard for the extended information from the Credit Reference Office (Biuro Informacji Kredytowej (BIK)).

In addition, the Bank undertook measures to tighten the credit policy and launched measures to improve the effectiveness of the debt collection process. In terms of the loan policy, in the first half of 2009, the following measures were taken:

- terminating the lending of mortgages denominated in foreign currencies;
- the approval of new, higher costs of family maintenance used to calculate the customers' creditworthiness;
- the implementation of the extended verification of customers in BIK base, used in the lending process, to increase the quality of accepted customers;
- the implementation of new, more restrictive lending terms for individual customers;
- continuing measures to tighten the lending policy for instalment and cash loans, including the decrease in DtI (Debt to Income) ratio in the calculation of creditworthiness.

In terms of professional transactions, further deterioration of the Polish zloty, with its peak in March 2009, resulted in greater disadvantageous valuations for the Bank's customers, and hence, an increase in credit risk resulting from the probable lack of the possibility to pay claims on the date of settling transactions by customers. Having regard for the above, the Bank undertook the following measures:

- further restrictions on professional limits;
- the implementation of new risk weights applied in the calculation of the use of professional limits, to avoid a large number of exceeding in the future, resulting from the significant increase in the volatility of rates of exchange;
- the implementation of the methodology to calculate portfolio provisions for professional transactions.

Currency derivatives

	30.06.2009		31.12.2008		Comparable data 30.06.2008	
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Total balance sheet exposure, excluding banks	242 629	90 470	475 187	170 317	55 720	80 188
Net position aggregated at customer level, excluding banks	156 078	3 919	307 242	2 372	27 419	51 930

As at 30.06.2009, the Bank hedged concluded currency contracts by freezing cash on bank accounts in the total amount of PLN 36,074 thousand. The valuation of derivatives also entails credit risk. In the first half 2009, the write-down for active and mature derivatives of PLN 96 million, including PLN 26 million related to active transactions (presented in net trading income), and PLN 70 million – mature transactions (presented in impairment losses), was disclosed in the Bank's income statement.

44.2. Operational risk

The Group defines the operational risk as a possibility of an unexpected influence upon the financial result, as a consequence of maladjustment or unreliability of internal processes, people, technical systems as well as a consequence of external incidents.

To calculate the capital requirement for operational risk, the Group applies the Basic Indicator Approach.

As a result, the Bank, inter alia,:

- has specified roles and responsibilities of employees within this system;
- keeps a record of operational events and losses resulting from the operational risk;
- has the operational risk management system which is regularly reviewed by independent auditors.

The Bank took measures focused on the application of the standardized approach by, among others: enhancing the operational risk assessment system through systematic risk self-assessments (RSA) in particular business areas and risk management, through the implementation of action plans to reduce the risk and the measurement of risk using Key Risk Indicators (KRI). The aim is to effectively include the outcome of risk assessment in the monitoring and control process for Kredyt Bank's operational risk profile.

Operational risk coordinators, supporting the managers of business units, play a crucial role in the implementation of operational risk management tools and techniques. Managers of particular business lines are directly responsible for operational risk management.

The infrastructure of management and methodology are coherent within the Bank and its subsidiaries. Identification and operational risk rating tools are identical. The whole process is supervised by the Operational Risk Committee and the Bank's Management Board.

44.3. Market risk and ALM

Market risk is defined as a degree of the hazard to the Bank's financial standing resulting from adverse changes in market parameters (interest rates, exchange rates and prices of shares) and their market volatility.

The Bank does not trade on the stock market (investments in shares are long-term investments or investments in strategic subsidiaries). The Bank does not trade on commodity markets. In the Bank, among all types of market risks, we deal with interest rate risk and currency risk.

The Bank's activity is divided into two parts: Trading Book and Banking Book. Due to different nature of opened positions, the risk is monitored in each book separately.

44.3.1. Trading Book

The Trading Book is a separated part of the Bank's portfolio, where the Bank intends to generate income resulting from short-term changes in prices, interest rates, exchange rates or other market parameters. The main activity of the Trading Book is associated with financial instruments in PLN, and, to a lesser extent, also in USD and EUR.

Value at Risk (VaR) is the basic metric of risk in the trading portfolio. Value at Risk means such a value that the probability of the Bank's loss exceeding this value amounts to 1% (with assumed 99% level of significance – such a level was assumed by the Bank). Value at Risk (VaR) in the Bank is calculated by historical method in the time horizon of 10 days, taking into account market figures for the previous 500 days. VaR limit for the Trading Book overlaps Global VaR, which includes both the currency risk and the interest rate risk.

VaR (for the whole Trading Book, entails both interest rate risk and currency risk) – in EUR '000

	Limit	30.06.2009	Data for the first half of 2009		
			Average	Minimum	Maximum
VaR	3 000.0	1 571.02	992.90	517.52	1 950.16

Comparable data as at 31.12.2008

VaR (for the whole Trading Book, entails both interest rate risk and currency risk) – in EUR '000

	Limit	31.12.2008	Data for 2008		
			Average	Minimum	Maximum
VaR	3 000.0	1 257.09	1 173.89	353.20	4 611.33

Comparable data as at 30.06.2008

VaR (for the whole Trading Book, entails both interest rate risk and currency risk) – in EUR '000

	Limit	30.06.2008	Data for the first half of 2008		
			Average	Minimum	Maximum
VaR	3 000.0	1 171.29	1 047.35	478.29	2 120.42

44.3.1.1. Interest rate risk

Interest rate risk reflects a degree of a hazard to the Bank's financial standing arising from adverse changes in market interest rates.

Additionally, the level of interest rate risk is monitored and limited (by establishment of limits) against BPV (basis point value – price sensitivity to parallel shifts in interest rates on the yield curve).

All above-mentioned limits concern the total Trading Book. The Trading Book Unit in the Cash Processing Department managing the Trading Book is divided into two sections (with the primary term of instruments/transactions made on the interbank market as the basic division criterion): Short Term Desk and Long Term Desk. Internal VaR limits and stop-loss (maximum acceptable loss) restrict the activities of particular sections.

VaR for particular sections – in EUR '000

	Limit	30.06.2009	Data for the first half of 2009		
			Average	Minimum	Maximum
Short term Desk	1 300.0	1 616.55	854.87	307.32	1 833.54
Long Term Desk	1 300.0	386.03	359.14	142.28	771.51

The exceeding of the internal limit of the Treasury Management Department (HVaR in Short Term Desk) as at 30.06.2009 was eliminated on 01.07.2009.

Comparable data as at 31.12.2008

VaR for particular sections – in EUR '000

	Limit	31.12.2008	Data for 2008		
			Average	Minimum	Maximum
Short term Desk	1 300.0	1 031.91	912.33	366.68	1 794.54
Long Term Desk	1 300.0	291.96	262.75	101.35	828.87

Comparable data as at 30.06.2008

VaR for particular sections – in EUR '000

	Limit	30.06.2008	Data for the first half of 2008		
			Average	Minimum	Maximum
Short term Desk	1 300.0	986.47	923.20	366.68	1 794.54
Long Term Desk	1 300.0	277.08	270.31	104.59	828.87

In addition, the analysis of the sensitivity of the total Trading Book position to interest rate risk is performed through the calculation of interest rate risk VaR (with the same parameters as Global VaR, i.e. the significance range of 99%, 10-day time horizon and 500-day observation horizon). Interest rate VaR values are as follows:

VaR for the Trading Book – interest rate risk – in EUR '000

	30.06.2009	Data for the first half of 2009		
		Average	Minimum	Maximum
Trading	1 670.40	934.92	412.41	1 773.82

Comparable data as at 31.12.2008

VaR for the Trading Book – interest rate risk – in EUR '000

	31.12.2008	Data for 2008		
		Average	Minimum	Maximum
Trading	1 240.23	984.76	355.77	1 958.19

Comparable data as at 30.06.2008

VaR for the Trading Book – interest rate risk – in EUR '000

	30.06.2008	Data for the first half of 2008		
		Average	Minimum	Maximum
Trading	1 192.70	1 011.48	452.43	1 958.19

The interest rate risk analysis is supplemented by stress-testing which is the amount of possible loss due to extremely adverse (critical) changes in interest rates.

Interest rate options

The Bank also offers interest rate options. The Bank does not maintain any options portfolio for its own account, i.e. it does not pursue speculative activities. Options on the inter-bank market are the options hedging the position resulting from transactions with customers. Therefore, the market risk in the portfolio of interest rate option transactions does not exist.

44.3.1.2. Currency risk

Position in currencies

Exchange rate risk is a degree of the risk for the Bank's financial standing resulting from adverse changes in exchange rates on the market. This risk covers income on currency exchange operations and measurement of open position in currencies resulting from the difference between the value of assets and liabilities in a given currency. The Bank's position in currencies is managed for the Trading Book and the Banking Book jointly. The Bank's position in currencies is managed in the Trading Book.

The daily analysis of the sensitivity of the total Trading Book position to currency risk is performed through the calculation of currency risk VaR (with the same parameters as Global VaR, i.e. the significance range of 99%, 10-day time horizon and 500-day observation horizon). Currency risk VaR values are as follows:

VaR for the Trading Book – currency risk – in EUR '000'

	30.06.2009	Data for the first half of 2009		
		Average	Minimum	Maximum
Trading	238.70	295.95	22.54	1 371.54

Comparable data as at 31.12.2008

VaR for the Trading Book – currency risk – in EUR '000

	31.12.2008	Data for 2008		
		Average	Minimum	Maximum
Trading	343.88	462.00	17.49	4 472.25

Comparable data as at 30.06.2008

VaR for the Trading Book – currency risk – in EUR '000

	30.06.2008	Data for the first half of 2008		
		Average	Minimum	Maximum
Trading	295.41	268.31	17.49	824.73

In the event of the currency risk, 'value at risk' method is supplemented daily by stress-testing which is the amount of possible loss due to extremely adverse (critical) changes in exchange rates.

Currency options

The Bank also offers currency options. The Bank does not maintain any options portfolio for its own account, i.e. it does not pursue speculative activities. Options on the inter-bank market are the options hedging the position resulting from transactions with customers. Therefore, the market risk in the portfolio of currency option transactions does not exist.

Below, we present the breakdown of balance sheet and off-balance sheet items by main currencies.

Consolidated balance sheet (as at 30.06.2009)

in PLN '000'	CHF	EUR	GBP	USD	PLN	Other currencies	Total
Assets							
Cash and balances with Central Bank	951	31 314	5 447	17 264	1 701 655	1 036	**1 757 667**
Gross loans and advances to banks	61 852	180 673	1 035	38 974	211 372	5 494	**499 400**
Impairment losses on loans and advances to banks	0	0	0	0	-2 260	0	**-2 260**
Receivables arising from repurchase transactions	0	0	0	0	7 001	0	**7 001**
Financial assets at fair value through profit or loss, including held-for-trading financial assets (excluding derivatives)	0	269	0	42 901	2 483 255	0	**2 526 425**
Derivatives	1 051	257 040	971	91 025	774 457	561	**1 125 105**
Gross loans and advances to customers	10 352 311	2 272 541	3 573	411 395	15 939 053	1 035	**28 979 908**
Impairment losses on loans and advances to customers	-9 372	-27 708	-2	-7 873	-1 049 453	-265	**-1 094 673**
Investment securities:	0	432 233	0	17 850	5 793 746	0	**6 243 829**
- available-for-sale	0	312 783	0	17 850	4 007 840	0	**4 338 473**
- held-to-maturity	0	119 450	0	0	1 785 906	0	**1 905 356**
Investments in associates valued using the equity method	0	0	0	0	10 827	0	**10 827**
Property, plant and equipment	0	0	0	0	395 145	0	**395 145**
Intangible assets	0	0	0	0	58 778	0	**58 778**
Goodwill on subordinated companies	0	0	0	0	36 052	0	**36 052**
Deferred tax assets	0	0	0	0	209 289	0	**209 289**
Investment properties	0	0	0	0	204 864	0	**204 864**
Other assets	3	9 232	71	3 042	132 209	26	**144 583**
Total assets	**10 406 796**	**3 155 594**	**11 095**	**614 578**	**26 905 990**	**7 887**	**41 101 940**

Consolidated Balance Sheet(as at 30.06.2009) (cont.)

in PLN '000'	CHF	EUR	GBP	USD	PLN	Other currencies	Total
Liabilities							
Amounts due to Central Bank	0	0	0	0	2 660 640	0	**2 660 640**
Amounts due to banks	5 705 483	4 065 370	799	836 903	726 620	5 343	**11 340 518**
Derivatives	0	181 756	66	77 978	776 310	483	**1 036 593**
Amounts due to customers	8 838	2 557 794	88 536	953 396	18 755 020	6 909	**22 370 493**
Current tax liability	0	0	0	0	49 600	0	**49 600**
Provisions	177	20 034	0	35	49 732	0	**69 978**
Deferred tax liability	0	0	0	0	1 290	0	**1 290**
Other liabilities	69	9 874	78	672	169 524	34	**180 251**
Subordinated liabilities	775 032	0	0	0	74 920	0	**849 952**
Total liabilities	**6 489 599**	**6 834 828**	**89 479**	**1 868 984**	**23 263 656**	**12 769**	**38 559 315**

Off-balance sheet items (as at 30.06.2009)

in PLN '000'	CHF	EUR	GBP	USD	PLN	Other currencies	Total
Off-balance sheet items							
Liabilities granted:	**189 462**	**1 188 741**	**5 993**	**234 609**	**4 273 162**	**20 283**	**5 912 250**
- financial	189 334	499 275	109	125 148	3 214 171	0	**4 028 037**
- guarantees	128	689 466	5 884	109 461	1 058 991	20 283	**1 884 213**
Liabilities received:	**0**	**514 492**	**0**	**82 958**	**806 836**	**512**	**1 404 798**
- financial	0	0	0	0	7 000	512	**7 512**
- guarantees	0	514 492	0	82 958	799 836	0	**1 397 286**
Liabilities related to the sale/purchase transactions	**4 679 432**	**12 213 438**	**87 467**	**5 145 911**	**124 574 161**	**23 162**	**146 723 571**
Other:	**2 274 711**	**288 432**	**0**	**47 339**	**4 006 896**	**44**	**6 617 422**
- collateral received	2 274 711	288 432	0	47 339	4 005 352	44	**6 615 878**
- other	0	0	0	0	1 544	0	**1 544**

Consolidated balance sheet (as at 31.12.2008)

in PLN '000'	CHF	EUR	GBP	USD	PLN	Other currencies	Total
Assets							
Cash and balances with Central Bank	2 435	58 667	11 758	29 706	723 710	1 696	**827 972**
Gross loans and advances to banks	58 727	112 918	57 327	50 337	55 627	5 929	**340 865**
Impairment losses on loans and advances to banks	0	0	0	0	-2 261	0	**-2 261**
Financial assets at fair value through profit or loss, including held-for-trading financial assets (excluding derivatives)	0	1 208	0	41 213	1 275 343	0	**1 317 764**
Derivatives	1 155	486 360	894	158 543	1 655 341	506	**2 302 799**
Gross loans and advances to customers	9 771 758	2 104 409	4 402	361 649	15 417 360	1 069	**27 660 647**
Impairment losses on loans and advances to customers	-11 481	-47 689	-4	-806	-867 113	-238	**-927 331**
Investment securities:	0	439 375	0	17 015	5 781 621	0	**6 238 011**
- available-for-sale	0	303 069	0	17 015	4 045 043	0	**4 365 127**
- held-to-maturity	0	136 306	0	0	1 736 578	0	**1 872 884**
Investments in associates valued using the equity method	0	0	0	0	10 131	0	**10 131**
Property, plant and equipment	0	0	0	0	421 866	0	**421 866**
Intangible assets	0	0	0	0	60 924	0	**60 924**
Goodwill on subordinated companies	0	0	0	0	36 052	0	**36 052**
Deferred tax assets	0	0	0	0	98 000	0	**98 000**
Investment properties	0	0	0	0	209 867	0	**209 867**
Other assets	0	8 941	52	3 385	122 968	24	**135 370**
Total assets	**9 822 594**	**3 164 189**	**74 429**	**661 042**	**24 999 436**	**8 986**	**38 730 676**

Consolidated balance sheet (as at 31.12.2008) (cont.)

in PLN '000'	CHF	EUR	GBP	USD	PLN	Other currencies	Total
Liabilities							
Amounts due to Central Bank	0	0	0	0	1 113 275	0	**1 113 275**
Amounts due to banks	4 189 836	4 405 177	246	512 155	3 007 857	9 742	**12 125 013**
Derivatives	1 062	406 760	438	147 719	1 333 886	356	**1 890 221**
Amounts due to customers	10 250	2 155 721	90 342	1 048 362	16 966 598	4 093	**20 275 366**
Liabilities arising from repurchase transactions	0	0	0	0	8 991	0	**8 991**
Current tax liability	0	0	0	0	52 303	0	**52 303**
Provisions	412	1 519	0	810	42 031	14 702	**59 474**
Deferred tax liability	0	0	0	0	855	0	**855**
Other liabilities	108	9 329	11	599	269 937	38	**280 022**
Subordinated liabilities	279 643	0	0	0	0	0	**279 643**
Total liabilities	**4 481 311**	**6 978 506**	**91 037**	**1 709 645**	**22 795 733**	**28 931**	**36 085 163**

Off-balance sheet items (as at 31.12.2008)

in PLN '000'	CHF	EUR	GBP	USD	PLN	Other currencies	Total
Off-balance sheet items							
Liabilities granted:	**567 253**	**1 292 027**	**8 553**	**277 795**	**5 047 748**	**26 054**	**7 219 430**
- financial	567 131	594 042	0	159 266	4 068 511	699	**5 389 649**
- guarantees	122	697 985	8 553	118 529	979 237	25 355	**1 829 781**
Liabilities received:	**98 049**	**900 563**	**0**	**86 515**	**741 813**	**2 359**	**1 829 299**
- financial	98 049	417 240	0	0	4 100	2 359	**521 748**
- guarantees	0	483 323	0	86 515	737 713	0	**1 307 551**
Liabilities related to the sale/purchase transactions	**10 905 738**	**16 087 606**	**54 682**	**11 229 499**	**240 786 811**	**28 185**	**279 092 521**
Other:	**1 632 397**	**184 899**	**0**	**96 982**	**3 375 231**	**44**	**5 289 553**
- collateral received	1 632 397	184 899	0	96 982	3 373 687	44	**5 288 009**
- other	0	0	0	0	1 544	0	**1 544**

Consolidated balance sheet (as at 30.06.2008 – comparable data)

in PLN '000'	CHF	EUR	GBP	USD	PLN	Other currencies	Total
Assets							
Cash and balances with Central Bank	1 257	22 988	4 413	19 122	1 317 096	508	**1 365 384**
Gross loans and advances to banks	48 227	241 619	1 400	275 983	406 754	11 927	**985 910**
Impairment losses on loans and advances to banks	0	0	0	0	-2 260	0	**-2 260**
Financial assets at fair value through profit or loss, including held-for-trading financial assets (excluding derivatives)	0	2 233	47	25 010	955 203	0	**982 493**
Derivatives	1 061	61 449	4 728	123 884	647 586	135	**838 843**
Receivables arising from repurchase transactions	0	0	0	0	12 523	0	**12 523**
Gross loans and advances to customers	4 554 318	1 335 651	1 437	145 208	14 084 257	2 421	**20 123 292**
Impairment losses on loans and advances to customers	-4 011	-23 328	-2	-429	-807 767	-185	**-835 722**
Investment securities:	0	338 843	0	12 147	5 334 412	0	**5 685 402**
- available-for-sale	0	286 357	0	12 147	3 632 090	0	**3 930 594**
- held-to-maturity	0	52 486	0	0	1 702 322	0	**1 754 808**
Investments in associates valued using the equity method	0	0	0	0	11 262	0	**11 262**
Property, plant and equipment	0	0	0	0	404 218	0	**404 218**
Intangible assets	0	0	0	0	62 415	0	**62 415**
Goodwill on subordinated companies	0	0	0	0	36 052	0	**36 052**
Deferred tax assets	0	0	0	0	164 809	0	**164 809**
Investment properties	0	0	0	0	215 320	0	**215 320**
Other assets	0	6 739	62	2 782	129 424	22	**139 029**
Total assets	**4 600 852**	**1 986 194**	**12 085**	**603 707**	**22 971 304**	**14 828**	**30 188 970**

Consolidated Balance Sheet
(as at 30.06.2008 – comparable data)(cont.)

in PLN '000'	CHF	EUR	GBP	USD	PLN	Other currencies	Total
Liabilities							
Amounts due to Central Bank	0	0	0	0	1 590	0	**1 590**
Amounts due to banks	1 783 332	1 518 768	5 186	651 408	3 191 517	7 520	**7 157 731**
Derivatives	751	49 230	22 331	158 971	556 201	0	**787 484**
Amounts due to customers	8 774	1 494 688	100 373	955 754	16 773 955	5 221	**19 338 765**
Current tax liability	0	0	0	0	20 478	0	**20 478**
Provisions	130	1 152	0	244	121 146	0	**122 672**
Deferred tax liability	0	0	0	0	1 317	0	**1 317**
Other liabilities	5	7 796	66	576	355 923	51	**364 417**
Subordinated liabilities	208 800	0	0	0	0	0	**208 800**
Total liabilities	**2 001 792**	**3 071 634**	**127 956**	**1 766 953**	**21 022 127**	**12 792**	**28 003 254**

Off-balance sheet items (as at 30.06.2008 – comparable data)

in PLN '000'	CHF	EUR	GBP	USD	PLN	Other currencies	Total
Off-balance sheet items							
Liabilities granted:	**417 890**	**1 152 372**	**9 702**	**185 131**	**4 789 882**	**22 763**	**6 577 740**
- financial	417 799	572 718	698	101 661	4 154 985	255	**5 248 116**
- guarantees	91	579 654	9 004	83 470	634 897	22 508	**1 329 624**
Liabilities received:	**102 410**	**470 785**	**736**	**70 318**	**945 118**	**204**	**1 589 571**
- financial	100 354	96 805	736	14 768	266 308	204	**479 175**
- guarantees	2 056	373 980	0	55 550	678 810	0	**1 110 396**
Liabilities related to the sale/purchase transactions	**3 155 235**	**7 829 779**	**290 592**	**7 814 357**	**276 029 697**	**7 887**	**295 127 547**
Other:	940 903	217 366	0	96 151	3 106 251	1 121	**4 361 792**
- collateral received	940 903	217 366	0	96 151	3 104 707	1 121	**4 360 248**
- other	0	0	0	0	1 544	0	**1 544**

44.3.1.3. Capital market risk

The Bank does not operate on the stock market within the Trading Book.

44.3.1.4. Commodity price risk

The Bank is not active on the commodity market within the Trading Book.

44.3.1.5. Capital requirements

The capital requirements for the Trading Book as of 30.06.2009, 31.12.2008 and 30.06.2008 are as follows:

Capital requirements for the Trading Book (data in PLN '000')

	30.06.2009	31.12.2008	Comparable data 30.06.2008
Equity securities price risk	0	0	0
Specific risk of debt instruments	0	0	19
General interest rate risk	39 797	44 308	68 999
Settlement risk and counterparty risk	58 856	101 423	39 080
Currency risk (total for the Trading Book and the Banking Book)	0	0	4 083
Total capital requirement in the Trading Book	**98 653**	**145 731**	**112 181**

The decrease in the value of capital requirements for the Trading Book is an effect of decreasing the trading activeness on interest rate derivatives within 1-2 years.

44.3.2. Banking Book

The Banking Book covers operations not covered by the trading portfolio, i.e. commercial activities of branches, credit intermediaries and the portfolios of securities hedging the liquidity and constant interest income.

44.3.2.1. Interest rate risk

The Bank actively manages the interest rate risk for 5 main currencies of the balance sheet: PLN, EUR, USD, CHF, GBP.

An interest rate gap prepared separately for each currency is the basic measurement and risk-limiting tool in the banking portfolio. The following risk metrics are calculated on that basis:

- sensitivity of the measurement of assets and liabilities (BPV);
- duration;
- accumulated gap ratios.

An analysis of the interest rate gap applied in the interest rate risk management of the Banking Book is based on information on particular items of the Bank's balance sheet as well as off-balance items sensitive to changes in interest rates. In the case of financial instruments without defined maturity date (according to a stability analysis for each type of product), the Bank implemented the model of periodic deposits rollover. This approach towards products allows for effective management of risk associated with this type of instruments and for the generation of constant income from investments of these assets.

Stress-testing and VaR calculations are additional interest rate risk monitoring tools in the Banking Book.

The following items are in the Banking Book:

- Hedging – the item resulting from the operation of branches (with hedging transactions) composed of:
  - benchmark portfolios of current accounts in PLN and EUR;
  - a benchmark portfolio of savings accounts in PLN;
  - a branch position excluding the part of stable current and savings accounts.
- Transformation, composed of:
  - a benchmark portfolio of Free Capital;
  - a position with credit risk (Credit Book);
  - ALCO portfolio – a portfolio of tactical investments.

Interest rate risk analysis

The interest rate risk analysis was conducted upon the following assumptions:

- the stable part of current accounts in PLN and EUR is cyclically invested for the period of:
  1. 8 years for PLN;
  2. 5 years for EUR;
- due to the noticeable many-years' downward trend for current accounts in USD and low total balance in May of this year, a decision was made to gradually eliminate the benchmark of current accounts in USD by not extending the maturing benchmark structure and assets in the portfolio (so far, operating on the basis of a 2-year investment horizon);
- two stable portions are separated from savings accounts in PLN; the first portion is invested cyclically (monthly) for 5 years, and the second part is invested for one month;
- unstable parts of current accounts in PLN, EUR and USD, and current accounts in other currencies are classified in the shortest time horizon;
- unstable parts of savings accounts in PLN and savings accounts in other currencies are classified in the shortest time horizon;
- free capital approved for the whole year is still invested cyclically for the period of 10 years (with 1/120th of the free capital invested monthly), an excess or shortage compared to an actual amount of free capital is classified in the shortest time horizon, and the passive portion of the free capital portfolio is deemed as insensitive to changes in interest rates;
- a benchmark is applied to positions of loans classified by the Risk Management Department as non-working (40% - ON, 30% - 1M, 30% - 3M);

- loans are recognized in net terms;
- loans are presented according to repayment schedules;
- the gap report, apart from for nominal flows, also presents known future interest flows;
- each flow is divided proportionally into two parts which are classified in adjoining nodes of the curve;
- a cumulative gap is calculated from the longest to the shortest term periods.

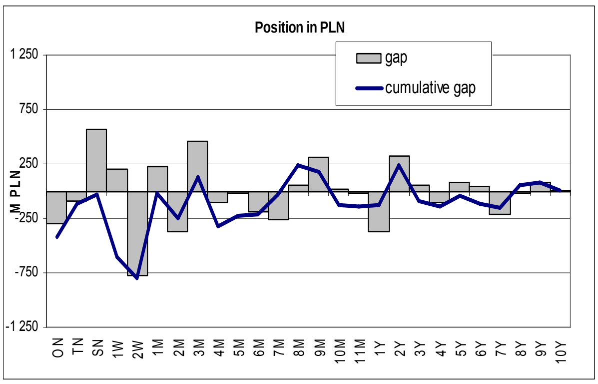
The interest rate gaps diagrams for the position resulting from the operation of branches (including derivatives used as hedging instruments) based on an internal system of transfer rates in particular currencies: PLN, EUR, USD, CHF and GBP, are presented below.

The diagrams present the mismatch between the repricing periods for assets and liabilities in time ranges: from ON time range (overnight) to 10Y time range (10 years). The accumulated gap presents the total mismatch for a given time horizon; the gaps are accumulated beginning from the most remote date. The most noticeable mismatch both in particular time ranges and accumulated ranges appear in time ranges up to 3 months. It is related to the structure of the Bank's balance sheet, namely customers' floating interest rate loans portfolio with repricing periods of 1 month and 3 months and financing, i.e. customers' deposits and long-term floating interest rate loans are the main position affecting the interest rate gap.

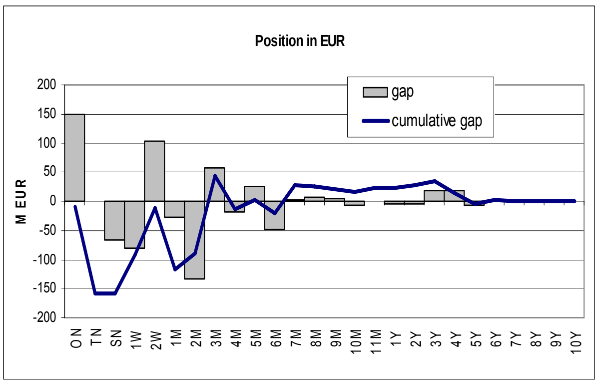
The Bank actively mitigates the risk resulting from the mismatch between balance sheet assets and liabilities, closing the positions with derivatives and applying hedge accounting.

Data for the Bank as at 30.06.2009:

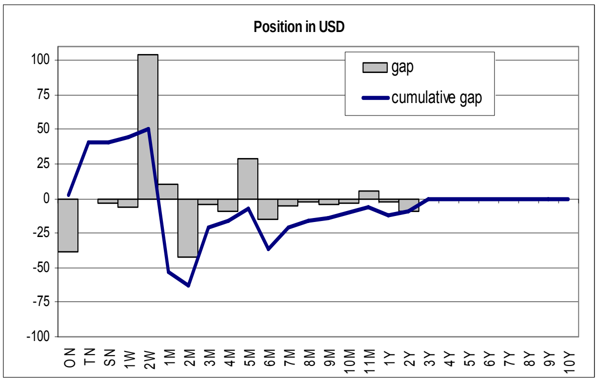
PLN



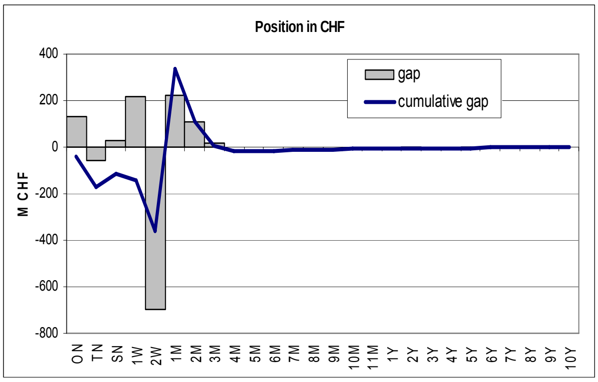
EUR



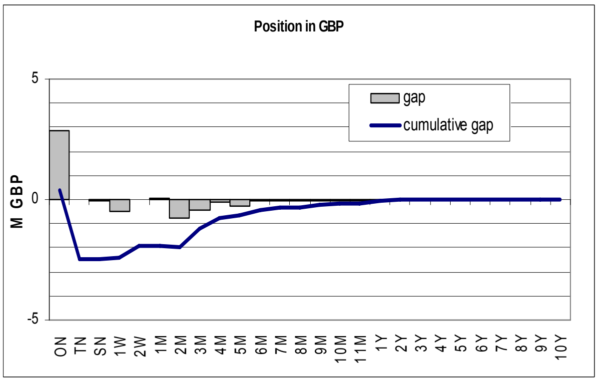
USD



CHF

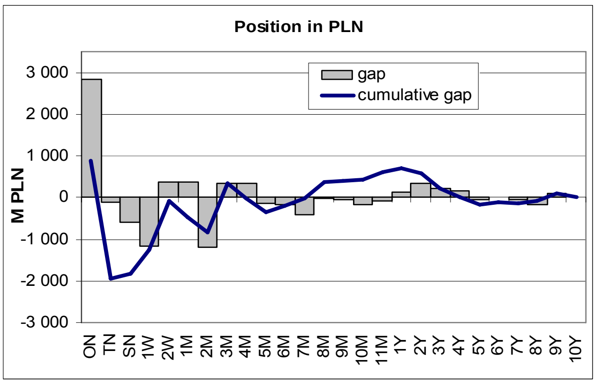


GBP

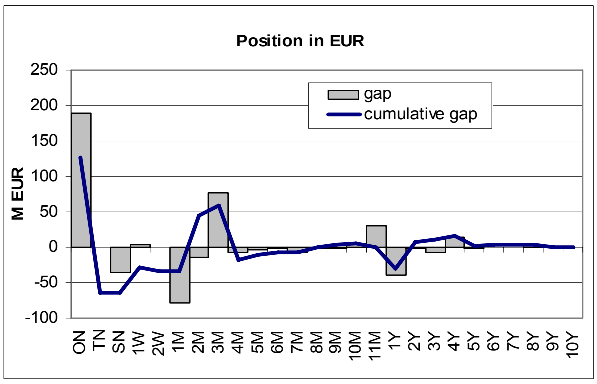


Comparable data as at 31.12.2008

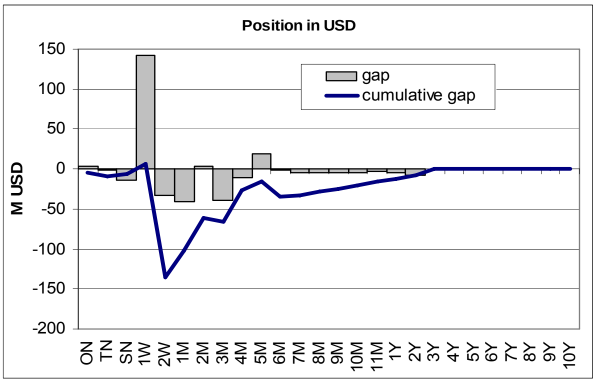
PLN



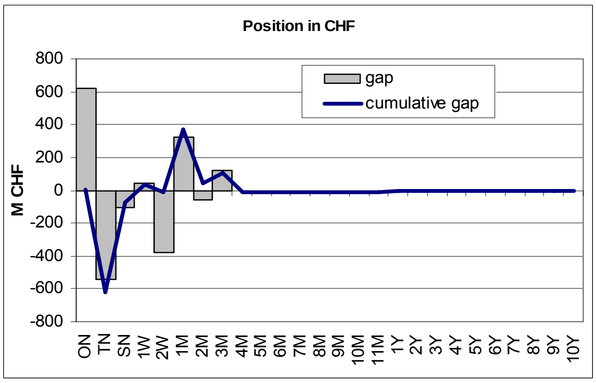
EUR



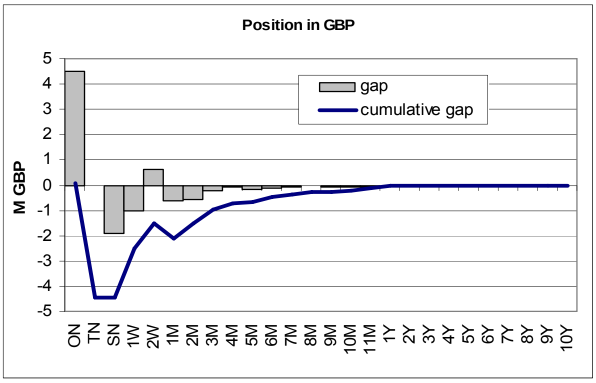
USD



CHF

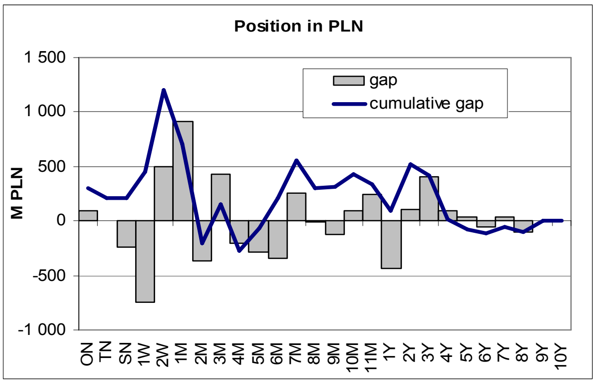


GBP

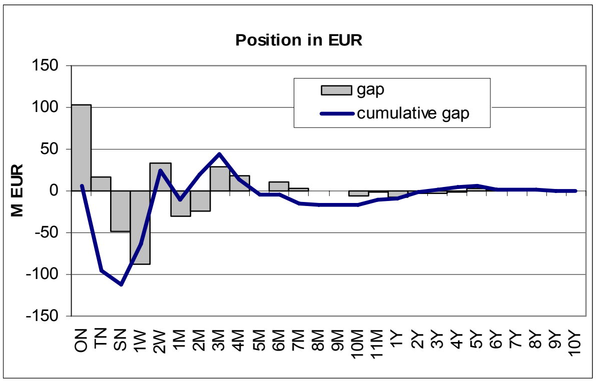


Comparable data as at 30.06.2008:

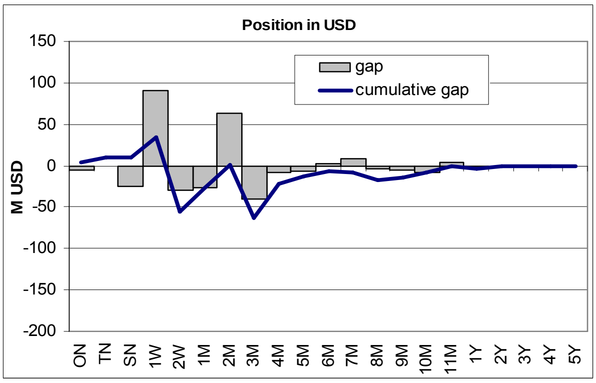
PLN



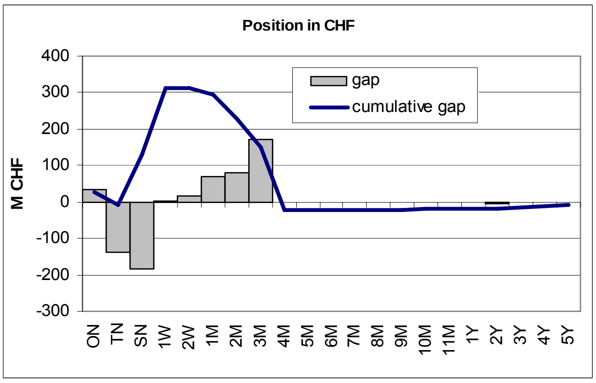
EUR



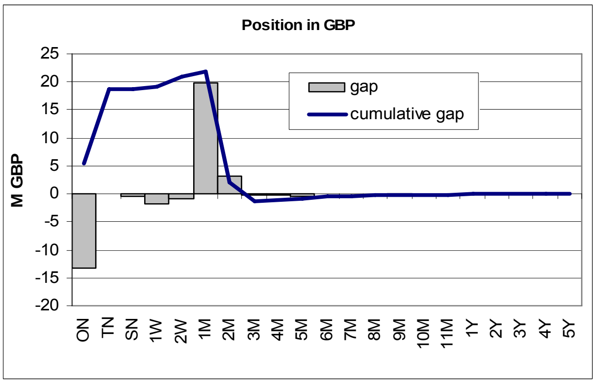
USD



CHF



GBP



The Bank analyses BPV of the Bank, with the simultaneous upward shift of interest rates by 10 b.p. in breakdown into particular currencies.

The total BPV for the Banking Book is presented below. It is calculated as the aggregate BPV for particular currencies and portfolios. According to the methodology of calculating BPV for limits, the liabilities side of the Free Capital portfolio, as insensitive to changes in interest rates, is not included in calculations.

	30.06.2009	Comparable data 31.12.2008	Comparable data 30.06.2008
BPV in millions of EUR (calculation to limit)	-1797	-2055	-2128

44.3.2.2. Hedge accounting

Fair value hedging accounting

In the first half of 2009, the Bank did not apply hedge accounting for fair value hedge for asset swaps.

Hedge accounting of cash flows

In the first half of 2009, the Bank ceased to apply hedge accounting for cash flow hedge for the portfolio of loans based on O/N rate.

In the first half of 2009, the Bank continued to apply hedge accounting of cash flows for asset swaps which consists in hedging cash flows resulting from floating interest rate bonds (which involves the conclusion of an IRS in which the Bank receives fixed and pays floating interest flows).

In the first half of 2009, the Bank continued to apply hedge accounting for the part of the mortgage loans portfolio based on 3-month WIBOR rate, which involves the conclusion of an IRS in which the Bank receives fixed and pays floating interest rates. Interest rate risk resulting from a change in the 3-month interest rate is the hedged risk in this case.

44.3.2.3. Currency risk

As mentioned above, the position in currencies is managed in the Trading Book. The positions related to the Bank's customers' transactions arising during the day are transferred, via internal transactions, to the Trading Book.

It should be noted here that the currency risk at Kredyt Bank is perceived not only as the risk occurring for an open position in currencies, but also as the risk of a change in the value of certain products as a result of changes in exchange rates. In particular, this risk occurs in the case of loans extended in foreign currencies. In order to mitigate credit risk, increasing in the case of the growth in the exchange rate of the loan currency (this also refers to loans granted in PLN, with its value indexed to the foreign currency exchange rate), the loans agreements for institutional customers contain clauses on the establishment of additional collateral or permit to translate the loan, when the customer does not generate income in the loan currency. Additionally, in order to hedge the exchange rate risk the customer is exposed to, derivatives (forwards, options) are offered to him.

In order to mitigate the currency risk on granting mortgages in a foreign currency to individual customers, the Bank, analysing the creditworthiness:

a) determines the value of the highest monthly interest and principal repayment instalment for the applied loan with the assumption that the principal of the applied loan is 20% higher;

b) the Bank determines the maximum level of LtV *(Loan To Value);*

c) at a lower level than for loans in PLN (LtV should be understood as the proportion of the loan value and of the value of the real estate being the collateral);

d) additionally, the applicant is informed about the foreign exchange risk.

In the first half of 2009, the Bank withdrew EUR and CHF loans for individual customers and for a part of SMEs from its offer.

44.3.3. Liquidity risk

The liquidity risk is strictly associated with activities of any bank. It results, among other things, from the mismatch of assets and liabilities in terms of maturity dates what is a natural effect of varied customers' requirements as regards deposits and loans. Maintenance of financial liquidity, understood as the ability to timely meet financial liabilities, is the crucial element of the policy on assets and liabilities management applied by the Bank. The current liquidity is maintained through correcting the surplus or shortage of liquid cash by operations conducted on the interbank money market. The Bank's safety calls for the maintenance of liquid reserves as well as the term and quality structure of the whole balance sheet. Decisions related to liquidity risk management are made by the Bank's Assets and Liabilities Management Committee. The Risk Management Department measures and monitors strategic (long-term) liquidity.

The Bank hedges the liquidity risk by:

- maintenance of an appropriate level of cash, taking into account volume of statutory provisions;
- possession of a proper volume of portfolios of liquid securities (governmental bonds);
- performing transactions on derivatives;
- maintenance of a diversified portfolio of deposits as regards terms and customers;
- access to the interbank market and open market transactions;
- access to the lombard loan.

Support of KBC Group, the strategic investor, is a crucial factor affecting the safety of the Bank operations.

An analysis of the Bank's liquidity is performed mainly on the basis of the liquidity gap report and the assessment of the deposit base stability by, among others, monitoring the mismatch of the maturity dates of assets and liabilities, what makes it possible to forecast the demand for liquid assets and avoid excessive concentration of cash disbursements on a close date.

Amounts due to customers as at 30.06.2009 – contractual flows (interest flows according to the methodology of FSA (Financial Services Authority – the British financial regulator) are recognized up to 6 months); the stable part of savings and current accounts is recognized according to benchmark method.

Liquidity gap report

Data for the Bank (in millions of PLN) as at 30.06.2009:

	up to 1M	1 - 3M	3 - 6M	6M - 1Y	1Y - 2Y	2Y - 3Y	3Y - 5Y	Over 5Y	Total
Current accounts/savings accounts	3 227	376	545	820	1 447	1 328	2 400	938	**11 081**
Deposits	5 336	3 463	1 075	456	104	95	200	1	**10 730**
Inter-bank deposits	3 020	957	116	0	0	25	0	0	**4 118**
Perpetual bonds and cash loans	11	21	971	820	1 110	2 779	2 279	852	**8 843**
LORO	20	0	0	0	0	0	0	0	**20**
Open market transactions	1 417	1 071	183	0	0	0	0	0	**2 671**
Free capital*	0	0	0	0	0	0	0	2 054	**2 054**
Other	1	67	0	334	5	0	0	0	**407**
Derivatives – cash flows to be received									
Swaps – sale	3 382	1 803	187	457	221	44	0	0	**6 094**
IRS/CCIRS	195	362	655	164	21	7	31	34	**1 469**
FRA	32	34	44	33	1		0	0	**144**
Derivatives – cash flows to be paid									
Swaps – purchase	3 407	1 784	211	456	195	40	0	0	**6 093**
IRS/CCIRS	231	354	637	153	15	6	25	30	**1 451**
FRA	32	62	46	39	1	0	0	0	**180**
Total	**13 093**	**5 956**	**2 898**	**2 424**	**2 634**	**4 222**	**4 873**	**3 841**	**39 941**

* equity net of current result less net property, plant and equipment (net of finance lease and operating lease), net intangible assets (net of finance lease and operating lease) and net value of interests in financial subsidiaries.

Comparable data as at 31.12.2008 (in millions of PLN) – data for the Bank:

	up to 1M	1 - 3M	3 - 6M	6M - 1Y	1Y - 2Y	2Y - 3Y	3Y - 5Y	Over 5Y	Total
Current accounts/savings accounts	1 771	472	524	632	1 439	1 385	2 322	949	**9 494**
Deposits	4 691	3 037	1 470	1 387	76	95	201	1	**10 958**
Inter-bank deposits	2 940	2 315	40	276	0	0	0	0	**5 571**
Perpetual bonds and cash loans	36	33	54	0	1 845	2 635	2 037	280	**6 920**
LORO	38	0	0	0	0	0	0	0	**38**
Open market transactions	204	924	0	0	0	0	0	0	**1 128**
Free capital*	0	0	0	0	0	0	0	1 754	**1 754**
Other	0	55	0	185	1	0	0	0	**241**
Derivatives – cash flows to be received									
Swaps – sale	4 173	2 197	755	148	193	23	0	0	**7 489**
IRS/CCIRS	500	849	1 089	278	156	24	32	35	**2 963**
FRA	28	72	123	167	55	0	0	0	**445**
Derivatives – cash flows to be paid									
Swaps – purchase	4 216	2 238	717	156	174	20	0	0	**7 521**
IRS/CCIRS	443	692	1 028	280	149	20	27	32	**2 671**
FRA	20	74	130	207	65	0	0	0	**496**
TOTAL	**9 658**	**6 722**	**1 996**	**2 530**	**3 345**	**4 108**	**4 555**	**2 981**	**35 895**

* equity net of current result less net property, plant and equipment (net of finance lease and operating lease), net intangible assets (net of finance lease and operating lease) and net value of interests in financial subsidiaries.

Comparable data as at 30.06.2008 (in millions of PLN) – data for the Bank:

	up to 1M	1 - 3M	3 - 6M	6M - 1Y	1Y - 2Y	2Y - 3Y	3Y - 5Y	Over 5Y	Total
Current accounts/savings accounts	3 267	376	521	794	1 408	1 272	2 282	938	**10 858**
Deposits	4 981	1 508	1 068	456	32	2	256	1	**8 304**
Inter-bank deposits	3 599	254	104	0	0	0	0	0	**3 957**
Perpetual bonds and cash loans	14	32	50	0	685	817	2 034	209	**3 841**
LORO	26	0	0	0	0	0	0	0	**26**
Open market transactions	0	0	0	0	0	0	0	0	**0**
Free capital*	0	0	0	0	0	0	0	1 620	**1 620**
Other	1	72	0	95	0	0	0	0	**168**
Derivatives – cash flows to be received									
Swaps – sale	1 890	985	183	212	16	0	0	0	**3 286**
IRS/CCIRS	619	389	952	509	110	9	6	41	**2 635**
FRA	32	63	68	74	43	0	0	0	**280**
Derivatives – cash flows to be paid									
Swaps – purchase	1 882	1 006	161	215	17	0	0	0	**3 281**
IRS/CCIRS	623	507	966	523	111	10	6	44	**2 790**
FRA	33	47	53	61	34	0	0	0	**228**
Total	**11 885**	**2 365**	**1 720**	**1 349**	**2 118**	**2 092**	**4 572**	**2 771**	**28 872**

* equity net of current result less net property, plant and equipment (net of finance lease and operating lease), net intangible assets (net of finance lease and operating lease) and net value of interests in financial subsidiaries.

At the end of the first half of 2009, as compared to the corresponding period in 2008, the following changes in the Bank's structure of financial liabilities are noticeable:

- a decrease in financing on the market of inter-bank deposits (by PLN 1,453 million);
- an increase in the amount of accepted long-term loans by PLN 1,924 million and an increase in the share of REPOs by PLN 1,543 million.

The Bank's financial liquidity is also monitored on the basis of a system of ratios reflecting the structure of liabilities and receivables for time ranges from 7 days to 5 years.

- Stock Liquidity Ratio (SLR) – short-term liquidity ratio (up to 5 working days);
- Liquidity Mismatch Ratio (LMR) – liquidity ratio (up to 3, 6 months);
- Coverage Ratio (CR) – liquidity ratio which informs about a degree of financing long-term assets with long-term liabilities (1, 2, 3 and 5 years).

To manage liquidity risk, the Bank also applies a real liquidity gap. The Bank models customers' behaviour (the quantity of revolving term deposits, amounts of extended but still undrawn loans) and takes into account results of those analyses in the picture of the Bank's liquidity.

44.3.3.1. Regulatory liquidity ratios

Within the liquidity management process, the Bank has been required to maintain the ratios listed in the Resolution by the Polish Financial Supervision Authority No. 386/2008 above the established minimum limit.

Data as at 30.06.2009:

	Assets	in PLN '000'
A1	Basic liquidity reserve	6 945 463
A2	Supplementary liquidity reserve	5 003 446
A3	Other transactions on the wholesale financial market	9 070 586
A4	Limited liquidity assets	27 987 057
A5	Non-liquid assets	522 160
	Liabilities	**in PLN '000'**
B1	Own funds less total capital requirements related to market risk, and to settlement risk and counterparty risk	3 135 862
B2	Stable external financing	29 067 460
B3	Other liabilities on the wholesale financial market	9 027 587
B4	Other liabilities	143 974
B5	Unstable external financing	9 291 081

	Liquidity ratios	Minimum value	Value
M1	Short-term liquidity gap: ((A1+A2)-B5)	0.00	2 657 828
M2	Short-term liquidity ratio:((A1+A2)/B5)	1.00	1.29
M3	Own funds to non-liquid assets: (B1/A5)	1.00	6.01
M4	Own funds and stable external financing to non-liquid assets and limited liquidity assets:((B1+B2)/(A5+A4))	1.00	1.13

Data as at 31.12.2008:

	Assets	in PLN '000'
A1	Basic liquidity reserve	6 532 668
A2	Supplementary liquidity reserve	5 118 775
A3	Other transactions on the wholesale financial market	11 419 666
A4	Limited liquidity assets	26 989 783
A5	Non-liquid assets	444 665
	Liabilities	**in PLN '000'**
B1	Own funds less total capital requirements related to market risk, and to settlement risk and counterparty risk	2 395 477
B2	Stable external financing	27 404 747
B3	Other liabilities on the wholesale financial market	11 169 290
B4	Other liabilities	240 238
B5	Unstable external financing	11 091 833

	Liquidity ratios	Minimum value	Value
M1	Short-term liquidity gap: ((A1+A2)-B5)	0.00	559 610.17
M2	Short-term liquidity ratio:((A1+A2)/B5)	1.00	1.05
M3	Own funds to non-liquid assets: (B1/A5)	1.00	5.39
M4	Own funds and stable external financing to non-liquid assets and limited liquidity assets:((B1+B2)/(A5+A4))	1.00	1.09

Data as at 30.06.2008:

	Assets	in PLN '000'
A1	Basic liquidity reserve	6 759 003
A2	Supplementary liquidity reserve	3 049 302
A3	Other transactions on the wholesale financial market	9 012 320
A4	Limited liquidity assets	19 722 988
A5	Non-liquid assets	554 984

	Liabilities	in PLN '000'
B1	Own funds less total capital requirements related to market risk, and to settlement risk and counterparty risk	1 908 948
B2	Stable external financing	20 635 641
B3	Other liabilities on the wholesale financial market	8 971 449
B4	Other liabilities	166 329
B5	Unstable external financing	8 592 695

	Liquidity ratios	Minimum value	Value
M1	Short-term liquidity gap: ((A1+A2)-B5)	0.00	1 215 610.23
M2	Short-term liquidity ratio:((A1+A2)/B5)	1.00	1.14
M3	Own funds to non-liquid assets: (B1/A5)	1.00	3.44
M4	Own funds and stable external financing to non-liquid assets and limited liquidity assets:((B1+B2)/(A5+A4))	1.00	1.11

44.3.3.2. Stability of financing sources

in PLN '000'	As at 30.06.2009	As at 31.12.2008	As at 30.06.2008
Loans and advances from KBC Group	7 202 103	6 763 261	3 655 012
- including loans and advances in foreign currencies	*6 630 156*	*4 991 104*	*1 993 416*
Term deposits	3 124 725	4 087 081	521 375
- including term deposits from KBC Group	*3 110 907*	*3 993 949*	*353 572*
Current accounts	1 008 657	1 271 449	2 977 321
Other amounts due	5 033	3 222	4 023
Total amounts due to banks	**11 340 518**	**12 125 013**	**7 157 731**
Subordinated liabilities (from KBC Group)	849 952	279 643	208 800
Total	**12 190 470**	**12 404 656**	**7 366 531**

The Group 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 the Bank's 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 received from KBC Group will be renewed at their maturities, what enables the Bank to treat them as long-term financing.

The structure of customers' deposits was presented in Note 27.

The diversification of the deposit base*, however, allows for the Bank's clear independence of any specific market segment, customer group or specific deposit type.

	30.06.2009	Comparable data 31.12.2008	Comparable data 30.06.2008
- individual customers	56%	46%	52%
- financial institutions	12%	16%	10%
- business entities	23%	28%	26%
- budgetary sector	9%	10%	12%
Total	**100%**	**100%**	**100%**

*The deposit base does not entail inter-bank deposits, long-term loans and a part of transactions concluded with the Money Management Department with professional customers.

	30.06.2009	Comparable data 31.12.2008	Comparable data 30.06.2008
- current deposits (excluding savings accounts)	21%	24%	24%
- negotiable term deposits	23%	30%	34%
- term deposits	26%	22%	10%
- savings accounts	30%	24%	32%
Total	**100%**	**100%**	**100%**

The change in the structure by type of the deposit base reflects the changes in the Bank's policy regarding products offered to individual customers, which had place towards the end of 2008 (an increase in the balance of term deposits at the expense of the decrease in balances of current accounts and savings accounts). In the first half of 2009, however, we could observe the gradual reconstruction of the balances of savings accounts – at the expense of maturing term deposits and 'Warta Gwarancja' insurance term deposits.

The structure of term deposits (except for interbank term deposits and negotiable term deposits) is advantageous from the point of view of an initial maturity date. As at 30.06.2009, 31.12.2009 and 30.06.2008, it was as follows:

	30.06.2009	Comparable data 31.12.2008	Comparable data 30.06.2008
- up to 1 week	7%	11%	21%
- up to 1 month	1%	2%	6%
- up to 3 months	58%	32%	11%
- up to 6 months	21%	37%	32%
- up to 12 months	10%	15%	23%
- up to 24 months	2%	1%	2%
- other	1%	2%	5%
Total	**100%**	**100%**	**100%**

	30.06.2009	Comparable data 31.12.2008	Comparable data 30.06.2008
PLN	87%	86%	86%
USD	4%	5%	5%
EUR	8%	8%	8%
GBP	1%	1%	1%
Total	**100%**	**100%**	**100%**

Signatures of all Management Board Members

date	20.08.2009	Maciej Bardan	President of the Management Board	....
date	20.08.2009	Umberto Arts	Vice President of the Management Board	....
date	20.08.2009	Lidia Jabłonowska - Luba	Vice President of the Management Board	....
date	20.08.2009	Krzysztof Kokot	Vice President of the Management Board	....
date	20.08.2009	Michał Oziembło	Vice President of the Management Board	....
date	20.08.2009	Gert Rammeloo	Vice President of the Management Board	....

Signature of a person responsible for keeping the accounting books

date	20.08.2009	Grzegorz Kędzior	Director of Accounting and External Reporting Department	....

The Management Board's Report on the Operations of Kredyt Bank S.A. Capital Group for the First Half of 2009 Ended on 30.06.2009

CONTENTS

1. Factors affecting the results of Kredyt Bank S.A. Capital Group in the first half of 2009

In the first half of 2009, Kredyt Bank S.A. Group generated PLN 274,610 thousand of operating profit (understood as profit before tax less net impairment losses and the share in profits of associates). It was higher by 24.0% than operating profit generated in the first half of 2008. Net profit amounted to PLN 4,053 thousand (less by 97.2% than in the corresponding period of the last year). The result allowed for the generation of ROE at the level of 7.8%.

Selected financial ratios and figures	30.06.2009	30.06.2008
Net loans and advances to customers	27 885 235	19 287 570
Amounts due to customers	22 370 493	19 338 765
Net operating income	792 656	757 364
Operating profit	274 610	221 535
Profit before tax	1 976	187 573
Net profit	4 053	144 808
ROE	7.8%	16.4%
ROA	0.5%	1.4%
CIR	65.4%	70.7%
Capital adequacy ratio	10.8%	9.8%
Loans and advances with evidence for impairment/total gross loans and advances	5,7%	5,5%

*ROE and ROA were calculated including net profit actually realized in the period of the last 12 months

Deduction from the results for the first half of 2009 amounting to PLN 273,331 thousand of net impairment losses on financial assets, other assets and provisions was the most important factor that caused lower financial result. In the first half of 2008, negative net impairment losses amounted to PLN 33,050 thousand.
Other major factors which affected the financial result in the first half of 2009:

- A very dynamic increase in the value of the loan portfolio, especially in the second half of 2008, resulting mainly from the development of the sale of mortgages and consumer loans for retail customers. As compared to the end of June 2008, net loans and advances to customers increased in nominal terms by 44.6%, i.e. by PLN 8,597,665 thousand. At the end of the first half of 2009, the share of Kredyt Bank S.A. in the overall loans market amounted to 4.3%, and to 6.7% in the market of mortgages (an increase as compared to the end of June 2008 by 0.4 p.p. and 1.1 p.p. respectively).
- A significant increase in the competition on the deposits market in the fourth quarter of 2008 and in the first quarter of 2009. The total value of amounts due to customers increased as compared to the end of the first half of 2008 by 15.7%, i.e. by PLN 3,031,728 thousand.
- Net interest income higher by 4.6% than in the first half of 2008. The increase, in the situation of significant growth of the operations financing costs, was affected mainly by the above-mentioned increase in the value of the loans portfolio.
- The decrease in net trading income resulting from the limitation of income due to exchange as a result of the halt of the sale of new currency mortgages and the negative impact of the valuation of currency options.
- Focusing on the improvement of the effectiveness of operations through the implementation, in the first half of 2009, of a complete costs optimization programme. As a result of the increase in the

result generated from core banking operations and the limitation of the costs, the Group significantly improved the costs/income ratio, which, in the first half of 2009, amounted to 65.4%, i.e. by 5.4 p.p. less than in the corresponding period of the last year.

The most important events and factors for the Group's operations in the first half of 2009 are as follows:

- A rapid collapse of economic conditions in the fourth quarter of 2008, reflected in the deterioration of the economic situation of customers and a drastic limitation of the liquidity of the financial sector.
- A very considerable increase in credit risk resulting in the limitation of the market of mortgages and consumer loans in the consumer finance segment.
- Large-scale depreciation of the Polish zloty which contributed to increased problems of a part of enterprises and adversely affected the structure and financing cost of the banking activities.
- Adopting measures to adjust a business model of Kredyt Bank S.A. Group to deteriorating economic conditions. Adopted measures focus on four main areas, i.e. credit risk, liquidity risk and capital management, income from core business and general and administrative expenses.
- Preparation and implementation of a complete programme of costs optimization in order to achieve a permanent change in the structure of the costs base through the increase in the share of variable costs.

2. Business conditions in Poland and the banking sector in the first half of 2009

General situation in the first half of 2009 and perspectives for the economy in 2009

Following the rapid deterioration of economic conditions in the last quarter of the previous year related to the deepening crisis on financial markets, in the first half of 2009, the activeness in Polish economy was further reduced. The economic growth from 5.9% and 2.9% respectively in the second and the fourth quarters of 2008 was reduced to 0.8% in the first quarter of 2009 (on a year-to-year basis). The growth rate for Poland's GDP in the second quarter of 2009 is expected to be also positive and our economy will be one of few economies in the EU and the only one in the region that will avoid the decrease in this ratio.

A fairly good economic situation in the first quarter of 2009 was related to the maintenance of a relatively strong consumer demand of households, an increase in public consumption and the positive growth rate for gross expenditure on property, plant and equipment. This good result on investments was related mainly to investment processes of SMEs and of the sector of government and self-government institutions. Despite the material decrease in the growth rates of export and import, the net contribution of export to GDP growth was positive (ca. 1.9 p.p.).

The supply side of economy shows the deepening, in the first quarter of 2009, decline in the production in industry. Added value in industry in real terms decreased by 5.9% y/y as compared to the decrease by 1.1% y/y in the fourt quarter of 2008. The latest figures may suggest a slight halt of the said tendency; according to the Polish Central Statistical Office, the industrial production was reduced in June 2009 by 4.3% on an annual basis.

Individual consumption remains the strongest positive factor in the economy; however, the slowdown related to the deterioration of the situation on the labour market is becoming visible. In the first quarter of 2009, its growth rate amounted to 3.3%; it is expected that, in the second quarter, it will drop to ca. 2.6%. Retail sale increased in nominal terms in June 2009 by 0.9% on a year-to-year basis. In real terms, i.e. having regard for changes in prices, it decreased, however, by 0.7% (y/y). The limitation of the economic activeness is reflected in the growth of the unemployment rate. At the end of 2008, it amounted to 9.5%; during the first half of 2009, it increased to 10.7%. In conditions of worse perspectives on the labour market, also the pressure on the growth of remunerations decreases. In May 2009, an average remuneration in the enterprises sector was higher, in nominal terms, by 3.8% than the year before.

The crisis on global financial markets and the resulting aversion to risk persisting in the first quarter of 2009 resulted in further depreciation of the Polish zloty. The peak had place in March of this year; at the end of this month, EUR exchange rate amounted to PLN 4.70. At the beginning of the second quarter, with the return of optimism to global financial markets, the Polish zloty got appreciated again (the end of the fourth quarter – PLN 4.47).

The beginning of 2009 brought about the increased inflational pressure resulting from the increase in prices of fuels on global markets, the increase in controlled prices and the above-mentioned depreciation of the Polish zloty translating into higher prices of goods and services imported or produced on the basis of raw materials or imported components. The annual CPI growth rate increased from 3.3% at the end of December 2008 to 4.0% at the end of April. The seasonal decrease in food prices and the above-mentioned appreciation of the Polish zloty contributed to the decrease in the inflation rate in the second quarter of 2009. At the end of the first half, it amounted to 3.5% (on a year-to-year basis).

By the end of March 2009, the Monetary Policy Council continued the cycle of loosening the monetary policy begun already at the end of 2008. Along with the last decrease made in June of this year, the reference rate decreased to the lowest level in history – 3.5%. In addition, in May of this year, the Council made a decision to decrease the rate of statutory provisions from 3.5% to 3.0%. The decrease in the domestic demand deteriorating the risk of inflation growth in the medium-term horizon were the main arguments that induced the Council to take the decisions.

Despite the relatively good economic situation of Poland at the background of other European countries, the perspectives and forecasts for the economic growth in 2009 are worse than the assumptions adopted at the end of 2008 and at the beginning of 2009. According to the latest forecasts of the Ministry of Finance, the GDP growth in the whole 2009 will amount to 0.2% as compared to 4.9% in 2008. Weakening investments in the private sector and the declining export will be the main reasons for such a significant decrease in the rate of economic growth. The consumption in the private sector, public investments and the improvement of the balance of foreign trade related to the faster rate of the decrease in import as compared to the export growth rate will be the factors positively affecting the economic growth.

The factors that may adversely affect the economic growth rate in 2009:

- a decrease in the growth rate of the consumption of households as a result of the decrease in employment, a more limited availability of a consumer loan, a decrease in consumers' trust and a potential increase in the inclination to save money;
- a decrease in the investment activeness of entrepreneurs related to the deterioration of sentiments and expectations concerning the perspectives for the sale of the production and tighter conditions of access to a bank loan;
- worse export results resulting from deeper deterioration of the situation on our foreign outlet markets;
- an issue of the final shape of necessary budgetary adjustments, including the value and the method of financing the budgetary deficit, which may lead to further impediment and limitation of the possibilities of sourcing funds by the private sector.

The factors positively affecting the economic growth in 2009 are as follows:

- an expected decrease in inflation, a real increase in retirement and pension benefits and a decrease in taxes affecting the increase in real income available to households and, hence, supporting individual consumption;
- an assumed high growth rate of public investments related to, among other things, the development of the road infrastructure;
- assumed maximization of the scale of absorption of structural funds from the European Union, which are the financing that does not burden the state budget;
- potential further loosening of the monetary policy.

The banking sector in the first half of 2009 and perspectives in the whole 2009

The conditions of the functioning of the Polish banking sector in the first half of 2009 deteriorated to a large extent as compared to the last year. Apart from external factors, which, in the fourth quarter of 2008, lead to a significant turmoil in the functioning of global financial markets and resulted in the decrease in trust among its participants, there were external factors related to a significant slowdown of the economic development in Poland. They resulted in a considerable deterioration of the financial situation of the banks' customers, materially increasing credit risk.

An analysis of the volumes in the first half of 2009 does not indicate any material slowdown in the banking sector. It is the most conspicuous in the case of business entities. The growth of receivables from this group of customers between December 2008 and June 2009 amounted to only 0.8%, and in the case of liabilities, a negative growth rate and a decrease by -1.2% was recorded. In the whole sector, receivables increased by 5.1% and liabilities by 5.9%; one must remember, however, about the impact of the growth of EUR and CHF rates of exchange (the year before, the volumes increased by 12.8% and 8.3% respectively, and in the second half of 2008, they were even higher).

Since the third quarter of 2008, the sector began to suffer from liquidity problems, which were escalated by the lack of trust on the inter-bank market and greater exchange rate fluctuations. In the end, banks began to adjust the conditions of the lending activities (e.g. an increase in margins, eliminating or restricting the criteria for extending loans in foreign currencies). Since the beginning of 2009, the fear of the increase in the risk following from the economic crisis was an additional element restricting the development of the lending activities. The issue of currency options is the most conspicuous example of the deterioration of the financial situation of enterprises. Due to the decrease in the rate of exchange of the Polish zloty, they caused the creation of significant losses and, definitely, affected the results of the banking sector in the fourth quarter of 2008 and in the first half of 2009.

In view of the radical deterioration of the liquidity of the wholesale market in the third and fourth quarters of 2008, banks had to face the necessity of balancing customers' receivables and liabilities. As a result of the fierce pricing competition for deposits, many banks significantly decreased the deposit margin, which directly affected the deterioration of net interest income generated in the first half of 2009. In the scale of the whole banking sector, also the growth rate of commission income was halted. This problem affected mainly banks, whose commission income depended on the capital market (the operations of brokerage houses and of the investment funds market). In the second quarter of 2009, the increase in prices of banking services, which was an attempt to improve the situation on the income side, was conspicuous.

The slower increase in basic income resulted in the necessity of adjusting general expenses to the conditions of the economic crisis. The majority of banks introduced costs restructuring programmes. Almost all of them announced the reduction of, and a part of them began to reduce, employment and the size of the distribution network. For the whole sector, the first half of 2009 brought about, however, an increase in the level of general expenses as compared to the corresponding period of the previous year and a slight deterioration of the costs/income ratio.

In the quarters to come, one may expect further deterioration of the profitability of the banking sector. It results from the possibility of a further increase in the costs of credit risk, also in the segment of retail customers, an increase in financing costs and a decrease in income due to the reduction of the growth rate of the increase in lending activity.

3. The strategy of Kredyt Bank S.A. Capital Group

An increase in the number of customers and in the share in the market of banking services in Poland, assuming the achievement of satisfying financial results, an increase in the effectiveness of operations and limiting the risk of the business are the main strategic objectives of the Group. Kredyt Bank S.A. Group prefers the business model which involves the organic development. The following areas will be key for the implementation of the strategy of Kredyt Bank S.A. Capital Group in 2009: credit risk, management of liquidity and of equity position as well as profitability.

The Group's strategic goals:

In the Retail Segment:

- limiting credit risk;
- focusing on mass customers and upper mass customers;
- developing the offer and cooperation with SMEs;
- continuing cross-sale of banking and insurance products addressed to the present customers of Kredyt Bank S.A. Group and WARTA S.A. Group

In the Corporate Segment:

- limiting credit risk;
- focusing on the increase in customer relations efficiency;
- focusing on services to medium-sized companies, including customers of other KBC Group members operating in Poland.

Methods of the goals accomplishment:

- implementing a cost management model to align the matching of costs to the existing potential for generating income. Decreasing the level of fixed costs, increasing the share of variable costs;
- limiting credit risk through the tightening the credit policy, focusing on the cooperation with reliable, tested customers and developing the customer standing monitoring system (an early warning system);
- focusing on deposit products, striving to balance customers' receivables and liabilities to a greater extent;
- continuing the development of lending activities conditioned by the growth rate for the deposits base;
- taking advantage of revolving long–term financing made available by KBC Group, the Bank's major shareholder;
- in terms of retail loans, focusing on less risky customer segments and products which ensure higher margins: overdraft facilities, cash loans and credit cards;

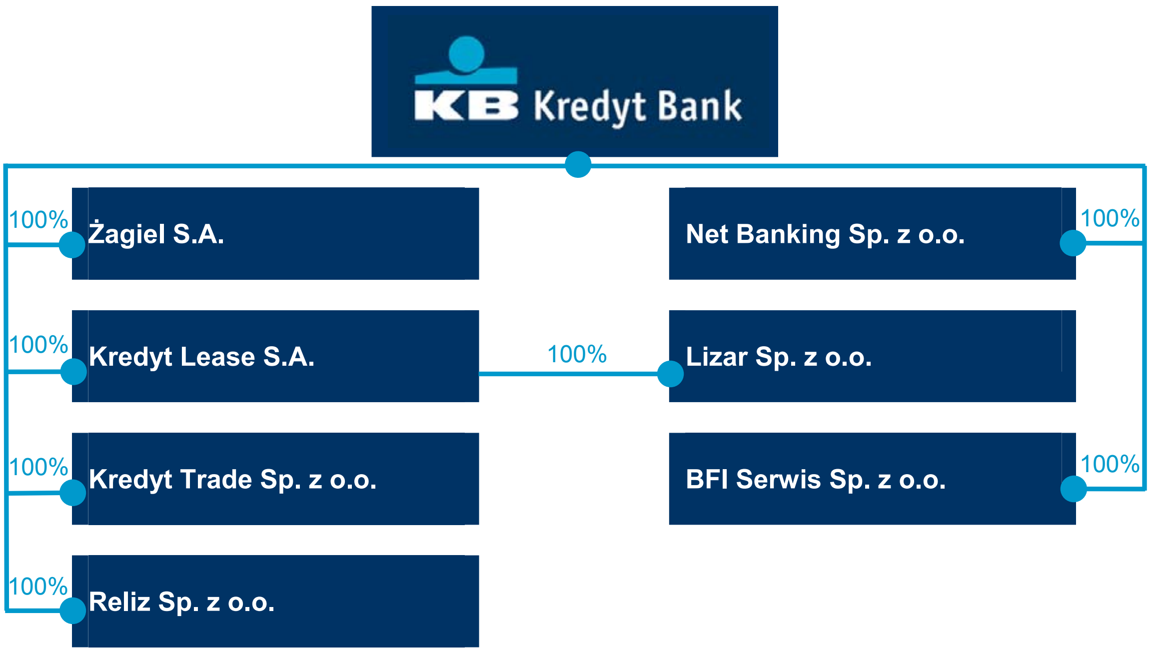
- in terms of the acquisition of financial resources of retail customers, focusing on a portfolio-oriented approach which will facilitate easy and flexible customers' access to various investment options;
- in the corporate segment, focusing on the development of the sale of products supplementing the traditional loan and deposit offer, such as: cash processing, trade financing and leasing. Expanding cooperation with existing customers;
- implementing a comprehensive staff management system; from recruitment, through development and appraisal, to the aspects of the incentive system and a payroll structure;
- improving the effectiveness of the major customer service processes, increasing the effectiveness of the existing network, high quality of services and customer satisfaction;
- cooperating closely with entities of KBC Group in Poland to provide the customers with a complete, professional and modern offer of financial services with limited costs of its development; particularly, continuing the implementation of the bancassurance model in cooperation with WARTA S.A. Group on the basis of the major shareholder's experience; continuing cooperation as regards the distribution of banking and insurance products.

4. The structure and description of Kredyt Bank S.A. Capital Group

4.1. The Group structure, investment plans, related party transactions

Kredyt Bank S.A. Capital Group is composed of legally separated business entities, whose operations are closely coordinated. 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 operating and financial policies as well as a transfer of management staff and also know-how.

The Group's companies and ownership structure as at 30.06.2008 was as follows:



As of 30.06.2009, 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.

Investment plans, including equity investments

One of the basic objectives of the Group's strategy is to increase its share in the financial services market. It may be accomplished through equity investments in entities from the financial sector. In each such potential case, undertaken measures are lawful and analysed in terms of economic and organizational conditions. According to the Group's development strategy which provides for the incorporation of a universal banking and insurance group, the Bank will focus on operations other than investment banking.
As at 30.06.2009, equity investments made outside the Group were mainly investments in shares of such companies as KIR S.A., BIK S.A., GPW w Warszawie S.A., SWIFT and of companies acquired in the course of debt recovery and restructuring processes. As at 30.06.2009, their share in the Group's balance sheet was immaterial.

Related party transactions

Apart from the transactions described in section 4.4 'Events and contracts material for the Group operations in the first half of 2009', in the said period, no significant non-standard transactions had place with related parties whose nature and terms were not related to current operations. Transactions volumes and related income and expenses are presented in Note 35 to the condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2009.

4.2. Shareholding structure of the Group's parent company

As at 30.06.2009, the Bank's share capital totalled PLN 1,358,294,400 and was divided into 271,658,880 shares with the nominal value of PLN 5.00 each. The Bank's shares are registered shares and bearer shares; they are not preference shares and each share entitles its holder to one vote at the Bank's General Meeting of Shareholders. All the Bank's shares are admitted to public trading on the regulated market. In comparison with share capital as at 30.06.2008, the Bank's share capital did not change.

The table below presents Shareholders of Kredyt Bank S.A. holding over 5% of total votes at the General Meeting of Shareholders of Kredyt Bank S.A. as at 30.06.2009.

Shareholder	Line of business	Number of shares and votes at the Bank's GMS	Share in votes and in share capital (in %)
KBC Bank N.V.*	Banking	217 327 103	80.00
KBC Securities – related party of KBC Bank NV *	Brokerage house	6 811 689**	2.51
Sofina SA	Investment company	15 014 772	5.53

*/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.
**/A memorandum from KBC Securities NV of 20 April 2009.

On 18 December 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 December 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.

PPIM informed, on behalf of the funds it managed, about the increase in the share of the said funds to 5.001% of the total number of votes at the General Meeting of Shareholders of Kredyt Bank S.A. (The said investment funds are shareholders that jointly possess the indicated number of votes at the General Meeting. The portfolios of investment funds constitute a sub-group of all portfolios of the Customers of PPIM.)
The total commitment of PPIM as at 18 December 2007 amounted to 13,674,064 shares of Kredyt Bank S.A. accounting for 5.03% of the share in the total number of votes and in the share capital of Kredyt Bank S.A. (All the customers of Pionier Pekao Investment Management S.A. are shareholders who jointly possess the indicated number of votes at the General Meeting of Shareholders – as regards the portfolios managed by PPIM).

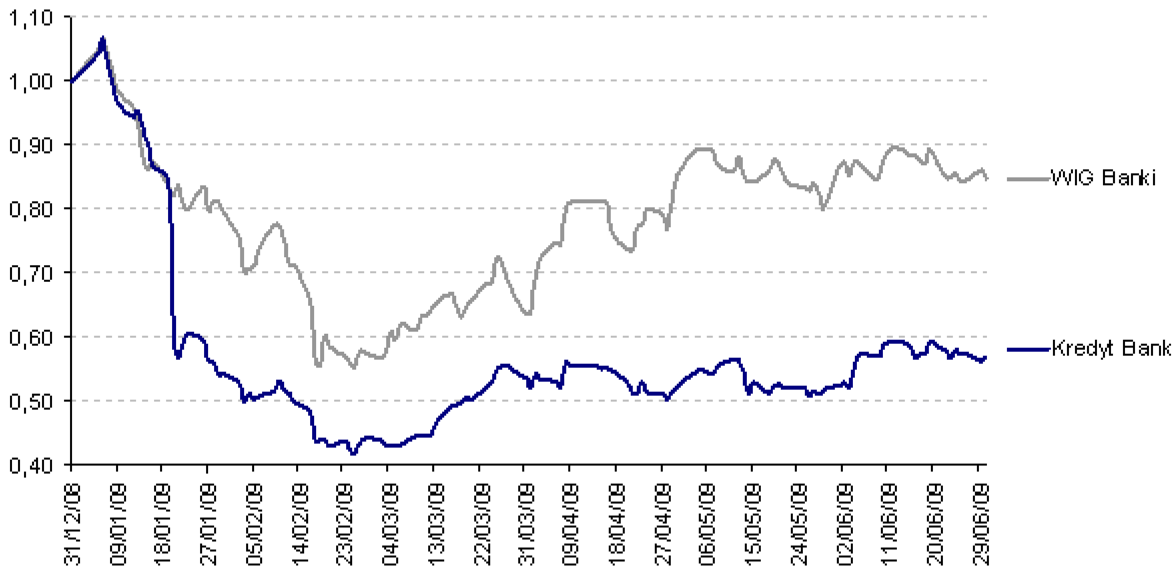
The quotations of shares of Kredyt Bank S.A. at the Warsaw Stock Exchange in the first half of 2009

The beginning of the first half of 2009 at GPW w Warszawie S.A. (Warsaw Stock Exchange, WSE) was a period of the continuation of the downward trend which was halted only in the second half of February of this year. As a result of a relatively strong, medium-term growth wave, the main WSE indices managed to make up for a part of losses incurred as a result of the collapse on international financial markets and return to levels recorded in the middle of October 2008.
By the end of February 2009, the price of KB S.A. share was also on a downward course. March was the month of recovery, on the wave of which, the price of the Bank's share increased in the month by nearly 20%, to the value of PLN 6.05. In turn, in further months of the first half, the price of the Bank's share remained in the side trend.
The market value of the Bank at the closing price at the last stock exchange session in the first half of 2009 (June 30) amounted to PLN 1,752 million, and the P/BV was at the level of 0.7. For comparison purposes, at the last session in June 2008, the Bank's shares were valued at the total of PLN 4,781 million at P/BV of 2.1. The market value of KB S.A. decreased then by ca. 63% on annual basis. For comparison purposes, WIG rate was close to 26% below quotations from the end of the first half of 2008, and WIG Banks lost in this period ca. 38%.

	30.06.2009	30.06.2008	change (%)
KB S.A. share price (PLN)	6,45	17,60	-63.4%
WIG	30 419	41 146	-26.1%
WIG Banks	3 717	6 010	-38.2%
Earnings per share* (PLN)	0.015	0.533	-97.2%
Book value per share* (PLN)	9.36	8.05	+16.3%

* computed on the basis of consolidated figures

The quotations of Kredyt Bank S.A. share at the background of WIG Banks in the first half of 2009



4.3. The authorities of the Group's parent company

The Bank's Management Board manages the Bank's affairs and represents it vis-à-vis third parties. The Management Board's President is appointed and dismissed by the Supervisory Board. The Management Board's Vice Presidents and Members are appointed and dismissed by the Supervisory Board upon the request or with the consent of the Management Board's President, having regard for the requirements stipulated in the Banking Law.
The Supervisory Board of Kredyt Bank S.A., at the meeting on 29 May 2009 decided that, from 29 May 2009, the Management Board of Kredyt Bank S.A. will be composed of six members.
At the same meeting, the Supervisory Board appointed, on 29 May 2009, Mr. Gert Rammeloo to be a member of the Management Board of Kredyt Bank S.A., as the Vice-President. He will be responsible for the Retail Sale Function.

As at 30.06.2009, the Management Board of Kredyt Bank S.A. was composed of:

Name	Function
Mr. Maciej Bardan	President of the Management Board
Mr. Umberto Arts	Vice President of the Management Board
Ms. Lidia Jabłonowska-Luba	Vice President of the Management Board
Mr. Krzysztof Kokot	Vice President of the Management Board
Mr. Michał Oziembło	Vice President of the Management Board
Mr. Gert Rammeloo	Vice President of the Management Board

The Supervisory Board supervises the Bank's operations in all areas of its business on an ongoing basis. Particular duties of the Supervisory Board include the examination of all requests and matters which must be approved by virtue of a resolution by the General Meeting of Shareholders; selection, upon the request of the Management Board, of an independent auditor; supervising the implementation of the internal audit system; determining the policy of borrowing and extending loans; and approving Bank's long-term development plans and annual financial plans. The Supervisory Board is elected by the General Meeting of Shareholders.
On 15 April 2009, the Management Board of Kredyt Bank S.A. was notified of the resignation, submitted to the Chairman of the Bank's Supervisory Board, by Mr. Luc Philips from the membership in the Supervisory Board, as from the day of the next Ordinary General Meeting of the Shareholders of the Bank.
According to the Resolution No. 24/2009 by the General Meeting of Shareholders of Kredyt Bank S.A. concerning the selection of a Member of the Bank's Supervisory Board, adopted on 27 May 2009, the Ordinary General Meeting of Shareholders of Kredyt Bank S.A. appointed, on 27 May 2009, Mr. Dirk Mampaey to become a Member of the Supervisory Board.

As at 30.06.2009, the Supervisory Board of Kredyt Bank S.A. was composed of:

Name	Function
Mr. Andrzej Witkowski	Chairman of the Supervisory Board
Mr. Adam Noga	Vice Chairman of the Supervisory Board
Mr. Francois Gillet	Member of the Supervisory Board
Mr. John Hollows	Member of the Supervisory Board
Mr. Feliks Kulikowski	Member of the Supervisory Board
Mr. Marek Michałowski	Member of the Supervisory Board
Mr. Krzysztof Trębaczkiewicz	Member of the Supervisory Board
Mr. Jan Vanhevel	Member of the Supervisory Board
Mr. Dirk Mampaey	Member of the Supervisory Board

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

As at publication date of this report, i.e. 28.08.2009, 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.

As compared to the situation as at the publication date of the annual consolidated financial report for the first half of 2008, the number of the Bank's shares held by members of the Bank's Management Board did not change.

4.4. Events and contracts material for the Group activity in the first half of 2009

The following events were material for the Group's operations in the first half of 2009:

- On 26 January 2009, Moody's Investors Service rating agency affirmed the Long-term Deposit Rating of Kredyt Bank S.A. at 'A2' and changed the outlook for the above long-term rating from 'stable' to 'negative'. These rating decisions were made in connection with the decision on downgrading the ratings of KBC Bank, i.e. the parent entity of Kredyt Bank S.A. The levels of the remaining ratings of Kredyt Bank S.A. previously granted by Moody's Investors Service remained the same.
- On 26 January 2009, the Bank received the decision by the Polish Financial Supervision Authority (KNF) concerning its consent to include an amount of PLN 75,000,000 into Kredyt Bank S.A.'s supplementary funds, pursuant to the terms and conditions of the subordinated loan agreement concluded on 17 December 2008 between Kredyt Bank S.A. and KBC Bank NV, Dublin branch.
- On 11 February 2009, the Bank's Management Board informed that, due to the deterioration of the economic situation and the need to lower the business activities costs, the Bank's Management Board had made a decision to reduce employment.
- On 11 March 2009, the Management Board of Kredyt Bank S.A. notified of the termination of the agreement on the provision of rating services concluded by Kredyt Bank S.A. and Moody's Investors Service. The above decision was made as a result of the fact that, in the nearest future, the Bank did not intend to obtain long-term financing from external sources, which would justify the assignment of ratings. According to the information submitted on 11 March 2009 by Moody's Investors Service, the withdrawal of KB S.A. ratings did not mean the change in the assessment of the Bank's credit rating.
- On 24 March 2009, the Management Board of the Bank approved the draft Resolution of the General Meeting of Shareholders of Kredyt Bank S.A. concerning the distribution of profit for 2008 and submitted it to be examined by the Supervisory Board of Kredyt Bank S.A. The above draft Resolution concerning the distribution of profit for 2008 did not envisage the payment of dividend.
- On 30 March 2009, the Bank's Management Board informed that the Bank had terminated the agreement on the provision of rating services concluded between Kredyt Bank S.A. and Fitch Ratings. The above decision was made as a result of the fact that, in the nearest future, the Bank did not intend to obtain long-term financing from external sources, which would justify the assignment of ratings. In addition, on 30 March 2009, Fitch Ratings confirmed the following ratings of the Bank: Long-term Issuer Default Rating (IDR) at A (with negative outlook), Short-term Issuer Default Rating (IDR) at F1 and the Support Rating at 1.
  At the same time, the agency decreased the individual rating of Kredyt Bank S.A. from 'C/D' to 'D'. The agency claimed that the above decision reflected the deterioration of economic conditions in Poland, which might result in lower income and higher costs of risk for Polish banks. In this context, according to Fitch, the Bank's capital base ensures only a limited protection in the case of the negative scenario.
- On 1 April 2009, the Supervisory Board of Kredyt Bank S.A., appointed Ernst & Young Audit Sp. z o.o., a certified auditor, with its registered office in Warsaw, ul. Rondo ONZ 1, registry No. 130, to perform an independent review and audit of financial statements of Kredyt Bank S.A. and of consolidated financial statements of Kredyt Bank S.A. Capital Group as of 30 June 2009 and 31 December 2009.
  Kredyt Bank S.A. employed Ernst & Young Audit sp. z o.o. to audit financial statements for 2002, 2003, 2004, 2005, 2006, 2007 and 2008. The change of the partner supervising the audits of financial statements took place in 2005.

- On 15 April 2009, the Management Board of the Bank was notified of the resignation, submitted to the Chairman of the Bank's Supervisory Board, by Mr. Luc Philips from the membership in the Supervisory Board, as from the day of the next Ordinary General Meeting of the Bank.
- On 7 May 2009, Kredyt Bank S.A. executed, with KBC Bank NV Dublin Branch, a subordinated loan agreement up to the amount equivalent to CHF 165 million. The loan agreement was concluded on market terms with the repayment period of 10 years from the first payment of the funds. The interest rate is based on LIBOR rate + margin. The said agreement provides for the possibility of an earlier repayment of the loan, at any time, but not earlier than after 5 years from the date of the first payment of the funds. The earlier repayment will require a permit from the Polish Financial Supervision Authority. On 19 June 2009, the Management Board od Kredyt Bank S.A. received the decision by the Polish Financial Supervision Authority of 12 June 2009 concerning the consent to include the amount of the said subordinate loan in the Bank's own funds.
- On 27 May 2009, the Ordinary General Meeting of Shareholders of Kredyt Bank S.A. adopted, among other things, the resolution concerning the distribution of profit for 2008, providing for its designation to the write-down for general risk reserve (PLN 100,000,000) and to the Bank's supplementary capital (PLN 201,071,935.35). In addition, the Ordinary General Meeting of Shareholders of Kredyt Bank S.A. appointed, on 27 May 2009, Mr. Dirk Mampaey to become a Member of the Bank's Supervisory Board.
- The Supervisory Board of Kredyt Bank S.A., at the session on 29 May 2009 decided that, from 29 May 2009, the Management Board of Kredyt Bank S.A. would be composed of six members.
  At the same meeting, the Supervisory Board appointed, on 29 May 2009, Mr. Gert Rammeloo to be a member of the Management Board of Kredyt Bank S.A., as the Vice-President. He will be responsible for the Retail Sale Division.
- Information on proceedings before a court, an authority competent for arbitration proceedings or a public administration authority is included in Note 42 to the condensed consolidated financial statements for the first half of 2009.

Major post-balance sheet events:
On 24.07.2009, the Committee of Creditors (including Kredyt Bank) voted for the arrangement concerning the restructuring of the liabilities of one of the Bank's customers ('Company') within the rehabilitation proceedings. The arrangement provides for the restructuring of the Company's liabilities towards banks (including Kredyt Bank) that are its creditors. The coming into force of the signed arrangement calls for the satisfaction of multiple conditions precedent (for example, this arrangement must be approved by the court). Apart from the above issues, no other 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.

5. Kredyt Bank S.A. Group's products, services and areas of operation

5.1. Retail banking

The Retail Segment in Kredyt Bank S.A. Group is defined as services provided to 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 network of own outlets is the core distribution channel through which Kredyt Bank reaches individual customers with its offer. At the end of the first half of 2009, the Bank operated a network

of 392 units, including 80 branches and 312 affiliates. Financial brokers were the distribution channel supporting the sale of mortgages. At the end of June, the Bank cooperated with 11 major Polish financial intermediaries, offering its services in the whole area of Poland, and 400 local intermediaries. There was Żagiel among 11 brokers; it is a separate business line being a part of Kredyt Bank S.A. Group, with 261 outlets. The Bank cooperated also with the network of 200 agents of TUiR Warta S.A. KB24, an electronic banking system, and Call Center supplement the traditional distribution channel. Owing to them, the Bank's customers have access to products and services 24 hours a day, 7 days a week.
As at the end of the first half of 2009, Kredyt Bank S.A. provided services to 1,042 thousand individual customers and SMEs, i.e. more by 5.8% than the year before.

in PLN '000'	30.06.2009	31.12.2008	30.06.2008
Individual customers	960	929	902
SMEs	82	83	83
Total customers	**1 042**	**1 012**	**985**

At the end of the first half of 2009, the number of customers using KB24 amounted to PLN 352 thousand as compared to 306 thousand as at the end of the first half of 2008 (an increase by 15.0%).

in '000'	30.06.2009	31.12.2008	30.06.2008
Number of KB24 users	352	334	306
Number of transfers via KB24 in the half of the year	8 329	7 801	7 131

In the first half of 2009, the segment's gross operating result (including SME) amounted to PLN 347,594 thousand and was lower than the result generated in the first half of 2008 by 5.7%. Higher costs and commission fees related to loans insurance and credit reference and lower exchange income were the main reasons for the decrease.
The segment negative gross result (PLN -30,784 thousand as compared to PLN +21,258 thousand in the first half of 2008) was affected by the deduction of net impairment losses on financial assets, other assets and provisions (PLN -27,460 thousand) against the positive impact in the corresponding period of the last year (PLN +10,221 thousand).

Payments and cards

Personal accounts and credit cards were the main elements of the product strategy in the Payments and Cards platform in the first half of 2009. By the end of June, the Bank opened 33,949 new savings and settlement accounts and sold 23,972 credit cards.
In April, the Bank launched 'Ekstrakonto łączy' programme, under which our customers may recommend Ekstrakonto account to their family members and friends. By the end of June, over 37 thousand customers expressed their will to participate in the programme; 2,172 personal accounts were also opened.

In the second half of 2009, the Bank will focus on the acquisition of new Customers and cross-selling campaigns, such as the sale of personal accounts to deposit customers and to customers requesting a cash loan, and the sale of credit cards to holders of personal accounts. In the second half of 2009, the Bank planned the launch of works aiming to make the Bank's offer more attractive as regards credit cards and personal accounts in 2010.

ROR current accounts	30.06.2009	31.12.2008	30.06.2008
No. of ROR accounts (in thousands)	596	588	578
Carrying amount (in PLN '000')	1 267 090	1 216 932	1 325 280

Credit cards (in '000')	30.06.2009	31.12.2008	30.06.2008
No. of credit cards sold via Żagiel S.A. (in thousands)	354	313	180
No. of credit cards sold by the Bank (in thousands)	179	164	144
Total number of credit cards (in thousands)	**533**	**477**	**324**

Savings and Investments

In the first half of 2009, the value of individual customers' deposits grew significantly. 3M fixed interest rate term deposit was a leading product in the first quarter. In the second quarter, the Bank launched measures to promote the savings account, especially to source new funds for which a higher interest rate was offered. A new product with daily interest accrual was introduced – 'Konto Oszczędnościowe – Lokata Swobodna' linked to current account.

Savings accounts	30.06.2009	31.12.2008	30.06.2008
No. of savings accounts (in thousands)	423	370	351
Carrying amount (in PLN '000')	5 737 141	4 245 387	5 671 738

In the first half of 2009, the following investment products were introduced:

- KBC Roczna Premia FIZ (12.01.- 27.02.2009) – a capital guaranteed product with a guaranteed coupon of 9.3% for the first settlement period, an investment in 30 global companies;
- EKO ENERGIA (2.02 - 30.04.2009) – a form of a life insurance policy based on a guaranteed capital fund, investments in companies of the alternative energy industry; When investing in EKO ENERGIA, one could open 'Lokata EKO' term deposit.
- KBC Roczna Premia II FIZ (22.04-19.06.2009) – capital guaranteed, the premium from the fund of 5% will be paid in March 2010, an investment in 30 selected companies;
- Złoty Procent (04/05-30/06.2009) – a form of life insurance, the final return on investment depends on changes in 6M WIBOR rate;
- KBC Poland Jumper 1 FIZ (22.05-3.06.2009) – for wealthy customers; PLN 103 million was collected, which allowed for the generation of the largest volume from individual investors on the market since June 2008.

Investment funds	30.06.2009	31.12.2008	30.06.2008
Net assets of funds (excluding non-registered funds) sold via the Bank's distribution network (in thousands)	2 858 172	2 789 563	3 130 515

In the second half of 2009, the savings offer will be made more attractive through the launch of:

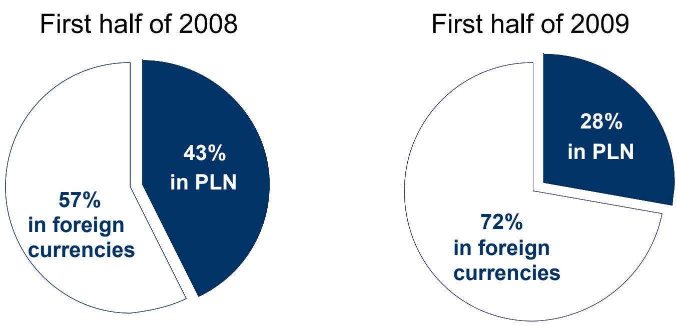
- a new savings product – a progressive deposit;
- further editions of capital guaranteed FIZ and ULP funds;
- investment funds dedicated to private banking customers.

Mortgages

In the first half of 2009, the sale of mortgages which, in the previous year, had been the trigger of the growth of the lending activities, was halted. The value of the portfolio, as compared to the end of 2008, increased by 8.6%, but the most part of this growth was related to the depreciation of the Polish zloty against EUR and CHF.
The Bank ceased to grant mortgages in foreign currencies and, at present, the offer entails only loans in PLN. The Bank recorded higher sale of ‘AMBICJA’ mortgage loan with the sale growth rate at 293% – amount, 342% – value, as compared to the corresponding period in 2008.
In June, *BANK* monthly granted to Kredyt Bank a title of the leader of the banking sector for the highest growth rate for the mortgage loans portfolio and significant growth of the sale of new loans designated for the financing of real estate.

Mortgages (in '000')	30.06.2009	31.12.2008	30.06.2008
Gross value of the portfolio at the end of the period	13 957 375	12 854 847	7 643 442
Number of loans granted in the half of the year (in ‘000’)	3.6	21.0	17.5
Value of loans granted in the half of the year*	685 062	3 385 433	2 615 266

* new loans



Cash loans

In the first half of 2009, in the area of loans for individual customers, a cash loan (offered by the network of the Bank’s branches) was the leading product. As compared to the first half of 2008, the value of sale increased almost twice and amounted to over PLN 540 million (the result is close to the one generated in the whole 2008).

In both quarters of the first half of the year, the Bank carried out two-week promotional campaigns supporting the sale of cash loans, which involved the resignation from commissions for the extension of a loan from customers who had a savings and settlement account or who opened an account. The campaign aimed at increasing the sale of cash loans, especially to new customers and at cross-selling of ‘Ekstrakonto’ account (the opening of ‘Ekstrakonto’ account was the condition for obtaining a promotional price). Both campaigns ended with a huge sale success:

- the number of sold loans – 18,611;
- the value of loans – PLN 236,590 thousand;
- 22% of people who purchased the loan were the Bank’s new customers.

In the second half of 2009, the Bank's measures will focus on the maintenance of realized volumes of the sale of the cash loans, simulatenously taking care of the quality of the sourced portfolio.

Cash loans – Bank's network (in '000')	30.06.2009	31.12.2008	30.06.2008
Gross value of the portfolio at the end of the period	1 124 912	873 473	752 285

5.2. Consumer Finance

Consumer Finance is a market of non-secured loans, mainly instalment loans, cash loans, consolidation loans and credit cards. The market also entails car loans and overdrafts.

Żagiel S.A. plays a role of an intermediary on this market, offering the products of Kredyt Bank S.A. to consumers. A lending intermediary is an entity which takes advantage of the conclusion or a physical conclusion of a loan agreement, not engaging own funds (and not engaging in the activities of a lender).

The offer of the consumer finance segment is addressed to natural persons who want to purchase mainly concrete goods, by installments, with the use of a cash loan or a credit card. The goods are used for the purpose of own consumption or as investment goods to carry business activities by self-employed persons. The consumer finance offer was addressed in the past to customers from medium-sized and small towns. In previous years, the network of distribution has also been developed in large cities.

Within the consumer finance segment, there are three business units, which are responsible for the creation of its products, their development and distribution:

- Instalment Loans Division – an instalment loan;
- Cash Loans Division – a cash loan, a consolidation loan and insurance products;
- Credit Cards Division – a credit card.

The Bank also carries out a project to sell insurance products of WARTA S.A. Group via the selling network of consumer finance.

The distribution network of each of the products is characterized by its separate nature. Instalment loans are distributed by agents and a regional proprietary structure, which manages relations with cooperating shops. The shops may be divided into: network shops, medium-sized and small shops, Internet shops and door-to-door sale networks.

Cash loans are distributed via the following channels:

- Own 'Kredyt Punkt' outlets
- Agency-based 'Kredyt Punkt' outlets
- Multiagencies – they also offer products of other banks
- Mobile agents

In the case of the sale of credit cards, they use the existing customer base. The cards are sold to people, who repay the instalment loan when due. An analysis of their bahviour is an element of the examination of creditworthiness.

In the first half of 2009, in view of the symptoms of the slower economic growth and the identification of the 'Cash buble' phenomenon, whose negative impact upon the market of consumer loans has not been specified yet, measures were taken to reduce the risk. They were manifested, among other things, by the tightening of the criteria of granting loans to applicants. It resulted in a decrease in the acceptability of submitted applications and in an improvement of the quality of the portfolio of new loans. Additional restrictions were also established. They concerned more risky types of customers, product categories and points of sale. In the area of instalment loans, it resulted in an increase in the margin for offered products.

In the area of cash loans and credit cards – products materially burdened with higher risk – the sale was gradually limited. It allowed for the concentration of measures on the most perspective distribution channels and the reduction of the network to the highest profitability points. It resulted in the decrease in the number of ‘Kredyt Punkt’ outlets, proprietary ones and those run by agencies, from 351 as at 31.12.2008 to 261 as at 30.06.2009.

The average value of an instalment loan in the first half of 2009 amounted to PLN 2.1 thousand as compared to PLN 1.95 thousand in 2008. For the cash loans, the values were PLN 4.9 thousand and PLN 6.3 thousand respectively.

In the second half of 2009, the main areas of activity in the consumer finance segment will be as follows:

- further improvement of procedures of granting loans to limit the risk of the failure of their payment;
- tightening the cooperation among the units of Kredyt Bank Group included in the consumer finance segment to take advantage of the synergy effect more fully;
- an increase in the profitability of offered products;
- an increase in the effectiveness of the organisation through the improvement and adjustment of the processes to the current market needs.

Instalment and cash loans (in ‘000’)	30.06.2009	31.12.2008	30.06.2008
Gross value of the portfolio at the end of the period, including:	**3 891 845**	**3 685 259**	**2 860 238**
Loans extended via Żagiel:			
Gross value of the portfolio at the end of the period	2 766 933	2 811 786	2 107 953
Number of loans granted in the half of the year (in ‘000’)	406	647	558
Value of loans granted in the given half of the year	1 016 030	1 772 255	1 461 978

In the first half of 2009, the segment gross operating result amounted to PLN 247,956 thousand and was higher than the result generated in the first half of 2008 by 39.8%. It was related to the very fast increase in the value of the loan portfolio and of net interest income.
Profit before tax in the first half of 2009 amounted to PLN 12,316 thousand and was almost twice as high as the profit generated in the corresponding period of the previous year, despite the large increase in the deduction from the financial result of net impairment losses on financial assets, other assets and provisions (PLN -153,991 thousand as compared to PLN -67,163 thousand in the first half of 2008). The increase was partially set off by savings in operating expenses.

5.3. SMEs

Small and Medium-sized Enterprises (SME) Function is defined as services provided to enterprises, whose annual sales income does not exceed PLN 16 million. The Bank’s strategic objective entails a significant development of the SME business line through greater activeness of the selling network in this area, a dedicated product offer and seperate processes.

In the first half of 2009, the following measures were taken:

- SMEs were separated as a dedicated business line (within the existing FTEs base), apart from the retail banking, corporate banking and Consumer Finance;
- an organisational structure was established in the Head Office and in 11 Macroregions – Directors of Macroregions and SME teams located in 54 towns throughout Poland;
- the method of settling selling effects was changed to the one focused on the profitability of the portfolio of customers, having regard for the incurred costs and loan provisions;
- the pricing policy was reviewed in terms of cash processing and new commission rates were introduced on 01.06.2009;
- the discipline concerning the management of customers' portfolios was increased (the adjustment of the product offer and the pricing policy);
- the first stage of changes in the functionality of the application allowing for the access to MIS information for a new SME was terminated;
- new tools and principles concerning the monitoring of the selling activeness of advisors were introduced;
- activeness in the area of FX transactions was increased.

The most important areas in which the measures in the SME segment will be focused in the second half of 2009 are as follows:

- a further increase in the selling activeness of SME Advisors and more intensified acquisition measures;
- determing the target segmentation and a servicing model – the division between SME and SOHO;
- a more active cooperation with the Group's companies – Warta, TFI, Kredyt Lease;
- a review and standardization of loan processes;
- increasing the effectiveness of the customer service model (products distribution channels, optimizing communication costs with a customer, products and processes, the pricing policy, the cooperation between retail outlets and the network of SME advisors);
- ongoing monitoring of the quality of the loan portfolio.

The table below presents balances at the period end according to the Bank's internal segmentation applicable in the year.

Small and Medium-sized Enterprises (SME)	30.06.2009	31.12.2008	30.06.2008
Loans for SMEs (in PLN '000')	1 329 444	1 259 097	1 138 337
Current accounts of SMEs (in PLN '000')	1 248 792	1 438 746	1 345 419

5.4. Corporate banking

The Corporate Segment entails companies with annual revenues exceeding PLN 16 million, including public sector enterprises and budgetary units at the central and local level.

The cooperation with corporate customers is carried out by 14 Corporate Banking Centres located in: Białystok, Bydgoszcz, Gdańsk, Katowice, Kraków, Lublin, Łódź, Poznań, Rzeszów, Szczecin, Warsaw (3 Centres) and in Wrocław. The Centres covering the largest areas have their additional representative outlets in smaller towns (Ciechanów, Gorzów, Jelenia Góra, Koszalin, Legnica, Leszno, Olsztyn, Piła, Radom, Siedlce). The system of cooperation with customers with top turnover of over PLN 250 million was optimized. So far, they have been served, disregarding customer location, by one Centre in Warsaw, and now they are served locally in regions. Cash and counter services are provided in 400 branches and retail affiliates throughout Poland.

Direct contact with customers and the management of the whole cooperation is performed by Customer Assistants. In the case of specialist services, they are supported by product specialists – the employees of the Bank's Head Office organizational units in Warsaw. For a part of services, product support is ensured by the companies of Kredyt Bank Group and of KBC Group in Poland: in the case of leasing products – Kredyt Lease S.A., which offers a complete range of services to companies mainly in respect of the leasing of property, plant and equipment, and properties, and in the case of means of transport by KBC Autolease S.A., a new company which, apart from leasing, also offers all-inclusive fleet management services. In the case of investment banking, corporate customers are served in cooperation with KBC Securities S.A. and KBC Private Equity S.A., and the investment of free resources in investment funds is provided by KBC TFI S.A.

In the first half of 2009, the Bank focused mainly on close monitoring of risk and the review of the existing loan portfolio and also on solving the issues related to derivatives and market risk hedging. In addition, a series of initiatives were undertaken related to the enrichment of the product offer and the improvement of the sale organisation and the customer service quality. Corporate Customers Service Centre – Customer Service was established. It will launch its operation in the third quarter and will provide post-sales services to corporate customers, mainly as regards information, the implementation of current orders related to the issue of confirmations, banking opinions and other documents, as well as the acceptance and handling of complaints and problems.

All measures taken aimed at the reinforcement of the Bank's image as a safe financial institution which offered the highest quality and complete services to large corporations. The table below presents balances at the period end according to the Bank's internal segmentation applicable in the year.

Corporate Segment (in PLN million)	30.06.2009	31.12.2008	30.06.2008
Loans for corporate customers	9 355.3	9 426.4	8 143.0
Budget	274.4	296.3	318.0
Enterprises	9 080.9	9 130.1	7 825.0
Deposits of corporate customers	6 326.6	6 661.5	5 707.0
Budget	2 425.8	2 564.0	2 196.0
Enterprises	3 900.9	4 097.5	3 511.0

In the first half of 2009, the segment's gross operating result amounted to PLN 174,562 thousand and was higher than the result generated in the first half of 2008 by 21.6%. Both net interest income and net commission income were higher.
The negative segment gross result (PLN -26,053 thousand as compared to PLN +76,468 thousand in the first half of 2008) was affected by an increase, by eight times, of the deduction of net impairment losses on financial assets, other assets and provisions from the result (PLN -145,612 thousand against PLN -18,037 thousand in the corresponding period of the last year). In the first half of 2009, PLN 96 million were related to write-downs concerning active and closed transactions on derivatives.

In the first half of 2009, Kredyt Bank S.A. carried out intensive measures to develop the offer concerning transaction services, such as Pay Account, Deposit Sums Account – addressed, among others, to courts and prosecutor's offices, and the Consolidation Account, as well as the improvement of existing products and services so that they could be permanently adjusted to the expectations of the Bank's customers.

The basic assumptions of the product strategy are as follows:

- the development of a complete offer of transaction services;
- financial risk hedging solutions;
- the development of leasing services in cooperation with Kredyt Lease S.A and KBC Autolease S.A. in Kredyt Bank's sales network.

The Bank provides a complete range of services to corporate customers regarding settlement products, treasury products and market risk hedging, financing, trade finance and corporate finance. The offer is always individually tailored to a customer size and the nature of their operations: corporations, large and medium-sized enterprises and state budgetary units.

Traditional transaction banking products, i.e. current and auxiliary accounts, term deposits and cash handling (open and closed cash deposits and disbursements in Branches, cashing closed payments, depositing cash in customers' own cash registers) are supplemented, among other things, by Consolidated Accounts (which make it possible to provide services to multi-branch companies and manage the liquidity of capital groups), Bulk Payments System – which makes it possible to automatically enter a large number of proceeds to the customer's accounting system, along with the identification of individual debtors and payment details, Direct Debit – which ensures the inflow from the debtor exactly at the time of payment, and payment and credit cards. The Bank also offers market risk hedging products, particularly products hedging currency risk and interest rate risk.

The Bank offers traditional loan products, e.g. revolving and non-revolving working capital loans in credit and current account, payment and investment loans, each of them in the national and foreign currencies (standard currencies: EUR, USD and GBP). At the same time, customers may also take advantage of other financing-related services, such as leasing, bank guarantees, sureties and bill guarantees, project and investment financing, syndicates and the organization of and services related to the issue of debt securities.

Complete services related to trade transactions are a separate group of loan services: except for the purchase and sale of foreign currencies, including transfers and cheques in foreign trade, export and import financing credits, covering payments under own letters of credits, guarantees in foreign and domestic trade, documentary letters of credit, documentary export collection, export loans, bill discount, factoring, forfeiting.

In addition, via KBC Securities and KBC Private Equity, the customers of KBC Group in Poland have access to investment banking services, such as advisory services concerning mergers and acquisitions, capital restructuring, acquisition of capital (stock exchanges, investors, financial partners), transactions on capital markets (primary and secondary market, bonds, capital increase, public calls, buyouts), mezzanine finance, equity finance, MBO, LBO, MBI.

5.5. Treasury Segment and cooperation with international financial institutions

The Bank performs transactions on the inter-bank market, both domestic and international, on own account and on behalf of customers. Active participation in the inter-bank market makes it possible

to obtain competitive quotations, which is the basis of stabilization and development of existing corporate customers base. The Bank is the Treasury Securities Dealer and Money Market Dealer.
The treasury products offer is being expanded and ensures appropriate services both to Private Banking customers and medium-sized and large companies. It entails, among other things, the exercise of options hedging the market risk for customers.
Kredyt Bank S.A. established active relations with domestic and foreign banks providing FX/MM, Custody, Trade Finance and payments services. They are supplemented by cooperation agreements with global foreign institutions, e.g. European Investment Bank, European Reconstruction and Development Bank, Visa International. Due to the base of 35,000 SWIFT keys exchanged with other institutions, the Bank is able to exchange correspondence with banks and serve foreign trade in the majority of countries worldwide. As at 30.06.2009, Kredyt Bank maintains 10 LORO accounts in foreign currencies and 33 LORO accounts in PLN for 36 correspondent banks (32 foreign banks and 4 national banks). The network of NOSTRO accounts included 18 accounts in 16 banks and it fully satisfied the clearing needs of Kredyt Bank.

5.6. Custodian services and investment activities

The Bank's custodian services entail mainly maintanance of securities accounts for domestic and foreign, both institutional and private, customers. For the special group of customers, i.e. investment funds, the Bank also plays a role of a custodian bank, a transfer agent and an issue sponsor.
The Bank holds an authorization by the Polish Securities and Exchange Commission to maintain securities accounts; it is also a direct participant of the National Depository for Securities (KDPW) as a Custodian Bank and the participant of the Securities Register (RPW) managed by the National Bank of Poland (NBP). On this basis, the Bank maintains accounts for securities admitted to public trading, deposited in KDPW or RPW. The Custody Office in the Bank's Head Office is the Bank's business unit responsible for the said tasks.

5.7. Operations of the Group's companies

Żagiel S.A.

As at 30 June 2009, the share capital of Żagiel S.A. amounted to PLN 23,964 thousand. The Bank launched cooperation with Żagiel in 1995. The core business of Żagiel S.A. is the intermediation in the sale of retail loans as well as in the distribution of selected services offered by the Bank and WARTA S.A. Group.
Żagiel S.A. offers instalment loans, cash loans, mortgages and mortgage loans to natural persons, leasing, EKSTRABIZNES and EKSTRAKONTO accounts and the issue and processing of credit cards. The company also distributes insurance products of WARTA S.A. Group.
In 2007, on the basis of the distribution network of Żagiel S.A., Kredyt Bank S.A. Group created a separate consumer finance business line.

Kredyt Lease S.A.

As at 30 June 2009, the company's share capital amounted to PLN 27,501 thousand. Kredyt Lease is engaged in leasing services, rental and lease of rights and assets, trade in real estate and intermediation in the sale of goods and services. The company focuses mainly on services provided to the Bank's customers, but also offers its services on the market. Kredyt Lease's offer is supplementary to the Bank's offer and provides a complete range of services to corporate customers and SMEs.

Kredyt Trade Sp. z o.o.

As at 30 June 2009, the share capital of the company amounted to PLN 64,179 thousand. Kredyt Trade provides services complementary to the Bank's administrative services, mainly concerning the service and lease of properties and equipment.

Reliz Sp. z o.o.

As at 30 June 2009, the share capital of Reliz amounted to PLN 50 thousand. The company's main asset is ALTUS multi-purpose building in Katowice. The company is involved in the lease and administration of this property.

6. Financial results of Kredyt Bank S.A. Capital Group in the first half of 2009

6.1. Assets structure

The Group's total assets as at 30.06.2009 amounted to PLN 41,101,940 thousand as compared to PLN 30,188,970 thousand as at 30.06.2008 and the figure was higher by 36.1% (an increase by 6.1% as compared to the end of 2008). Net loans and advances to customers and investment securities generated the greatest shares in assets structure; as at the end of the first half of 2009, they accounted for 83.0% of total assets. The major changes in assets structure as compared to the end of the first half of 2008 were as follows:

- an increase in the share of net loans and advances to customers from 63.9% to 67.8%. It results mainly from a significant increase in the value of the loans portfolio in the second half of 2008, particularly of mortgages and consumer loans, as well as loans for corporate customers. The increase in the nominal value of the loan portfolio observed in the first half of 2009 resulted mainly from the depreciation of the Polish zloty against CHF and EUR. as compared to the end of 2008, the share of laons and advances to customers decreased by 1.2 p.p.;
- a decrease in the share of investment securities in total assets from 18.8% to 15.2%.

The value of particular assets is presented in the table below (in PLN '000'):

	30.06.2009	31.12.2008	30.06.2008
Cash and balances with Central Bank	1 757 667	827 972	1 365 384
Gross loans and advances to banks	499 400	340 865	985 910
Impairment losses on loans and advances to banks	-2 260	-2 261	-2 260
Receivables arising from repurchase transactions	7 001	0	12 523
Financial assets at fair value through profit or loss, including financial assets held for trading	2 526 425	1 317 764	982 493
Derivatives including:	1 125 105	2 302 799	838 843
- Derivatives used as hedging instruments	66 014	166 954	5 658
Gross loans and advances to customers	28 979 908	27 660 647	20 123 292
Impairment losses on loans and advances to customers	-1 094 673	-927 331	-835 722
Investment securities	6 243 829	6 238 011	5 685 402
- available-for-sale	4 338 473	4 365 127	3 930 594
- held-to-maturity	1 905 356	1 872 884	1 754 808

Investments in associates valued using the equity method	10 827	10 131	11 262
Property, plant and equipment	395 145	421 866	404 218
Intangible assets	58 778	60 924	62 415
Goodwill on subordinated companies	36 052	36 052	36 052
Deferred tax asset	209 289	98 000	164 809
Current tax receivable	0	0	0
Non-current assets classified as held for sale	0	0	0
Investment properties	204 864	209 867	215 320
Other assets	144 583	135 370	139 029
Total assets	**41 101 940**	**38 730 676**	**30 188 970**

An increase in the scale of lending activities and, due to the large share of mortgages in foreign currencies in the portfolio, the depreciation of the Polish zloty, especially in the first quarter of 2009, were the factors affecting the scale of the increase in the balance sheet total in the first half of 2009 as compared to the first half of 2008. At the end of the first half of 2009, EUR rate of exchange was PLN 4.47, and CHF rate of exchange was PLN 2.93. They were higher by 33.3% and 40.2% respectively than at the end of the first half of 2008. At the end of the first half of 2009, mortgages in CHF accounted for ca. 24% of assets.

Credit portfolio quality

The economic slowdown observed in 2009 and the slower growth rate of the value of the loan portfolio resulted in an increase in the share of non-performing loans in total gross loans and advances to customers for the whole banking sector.

At the end of the first half of 2009, in Kredyt Bank S.A. Group, the share of loans and advances with evidence for impairment in total gross loans and advances to customers amounted to 5.7%, i.e. by 0.2 p.p. more than at the end of the first half of 2008. In the analysed period, the value of non-performing receivables, i.e. those for which evidence for impairment was identified increased by 49.5%.

The Group, when estimating credit risk for individual credit exposures and loan portfolios, follows the overriding prudence concept. As at 30.06.2009, the coverage of loans and advances with evidence for impairment with impairment losses was at the level of 59.2%.

in PLN '000'	30.06.2009	31.12.2008	30.06.2008
Loans and advances with no evidence for impairment, including interest	27 321 024	26 310 999	19 013 300
Loans and advances with evidence for impairment, including interest	1 658 884	1 349 648	1 109 992
Total gross loan and advances to customers (including interest)	**28 979 908**	**27 660 647**	**20 123 292**
Impairment losses on loans and advances to customers	1 094 673	927 331	835 722
including: impairment losses on loans and advances with evidence for impairment	982 265	839 644	785 219
Total net loans and advances to customers	**27 885 235**	**26 733 316**	**19 287 570**
The share of loans and advances with evidence for impairment in total gross loans and advances	**5.7%**	**4.9%**	**5.5%**
Coverage of loans and advances with evidence for impairment with impairment losses	**59.2%**	**62.2%**	**70.7%**

Number and value of executory titles and the value of collateral established on customers' accounts and assets.

In the first half of 2009, in the course of debt collection measures aimed at recovering debts from non-paying customers, the Bank issued 14,890 banking executory titles for the total amount of PLN 187.6 million. In the analogous period in 2008, there were issued 6,794 banking executory titles for the total amount of PLN 62.95 million.
In the case of receivables assessed individually, the total fair value of collateral approved by the Group considered in estimated future cash flows, as at 30.06.2009 amounted to PLN 167,188 thousand. As at 30.06.2008, this value was equal to PLN 129,026 thousand.
Mortgages are the main security accepted by the Bank in the lending process. As at 30.06.2009, mortgages accounted for 94% of the value of all collateral (82% as at 30.06.2008). In the process of estimating impairment losses, mortgages are reported according to the present valuation of an expert following the adjustment to the debt recovery value, according to the Bank's policy.

Gross loans and advances to customers – item-by-item structure

A further increase in the share of loans and advances to natural persons in total loans and advances to customers, assumed in the stratedy, is the most important change in the structure of the Group's loan portfolio. As of 30.06.2009, the share was at the level of 67.9% (an increase by 8 p.p.).

	30.06.2009	31.12.2008	30.06.2008
Natural persons*	**67.9%**	**66.0%**	**59.9%**
- overdraft facilities	4.0%	3.8%	5.4%
- purchased debt	0.1%	0.1%	0.1%
- term loans**	5.1%	5.4%	7.2%
- cash and instalment loans	19.8%	20.2%	23.7%
- mortgages	70.9%	70.4%	63.4%
- realised guarantees	0.0%	0.0%	0.0%
- other receivables	0.1%	0.1%	0.2%
Corporate customers	**31.1%**	**32.8%**	**38.4%**
- overdraft facilities	20.8%	20.7%	23.8%
- term loans**	70.7%	72.4%	70.3%
- purchased debt	2.0%	0.6%	0.3%
- realised guarantees	0.0%	0.1%	0.1%
-other receivables	6.5%	6.2%	5.5%
Budget	**1.0%**	**1.2%**	**1.7%**
- overdraft facilities	14.7%	1.3%	0.2%
- term loans**	85.3%	98.7%	99.8%
- purchased debt	0.0%	0.0%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**

* The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.
** The item contains mainly: in the case of natural persons – investment loans and working capital loans for individual entrepreneurs and mortgage loans, and in the case of corporate and budgetary customers – investment and working capital loans.

6.2. The structure of liabilities and equity

At the end of the first half of 2009, as in the previous year, amounts due to customers were the main category of liabilities. Over last 12 months, their value increased by 15.7%. The share of amounts due to customers in total liabilities and equity amounted in the first half of 2009 to 54.4% (a decrease by 9.6 p.p.).

The share of amounts due to banks (including the central bank) in total liabilities and equity increased significantly. At the end of the first half of 2009, it amounted to 34.1% against 23.7% at the end of the first half of 2008 (the level approximate to the level at the end of 2008). The majority of them were funds sourced from KBC Group's entities. At the end of the first half of 2009, the value of long-term loans obtained from entities of KBC Group amounted to PLN 8,052,055 thousand, which accounted for 19.6% of total liabilities and equity. In addition, at the end of the first half of 2009, KB S.A. Group obtained from entities of KBC Group interbank deposits amounting to PLN 3,110,909 thousand (7.6% of total liabilities and equity). Borrowed loans and advances as well as interbank deposits will be renewed at their maturities, what enables the Bank to treat them as long-term financing.

The value of particular liabilities and equity items is presented in the table below (in PLN '000'):

	30.06.2009	31.12.2008	30.06.2008
Amounts due to Central Bank	2 660 640	1 113 275	1 590
Amounts due to banks	11 340 518	12 125 013	7 157 731
Derivatives including:	1 036 593	1 890 221	787 484
- Derivatives used as hedging instruments	2 368	1 708	57 832
Amounts due to customers	22 370 493	20 275 366	19 338 765
Liabilities arising from repurchase transactions	0	8 991	0
Current tax liability	49 600	52 303	20 478
Provisions	69 978	59 474	122 672
Deferred tax liability	1 290	855	1 317
Other liabilities	180 251	280 022	364 417
Subordinated liabilities	849 952	279 643	208 800
Total equity	2 542 625	2 645 513	2 185 716
Total liabilities and equity	**41 101 940**	**38 730 676**	**30 188 970**

Amounts due to customers – structure by items and types

The changes in the structure of the Group's customers' deposits in 2009 reflect the situation on the market due to the deeper global financial crisis. A significant increase in competition contributed to the rise in interest rates of term deposits which resulted in the outflow of cash from current accounts. In 2009, the highest increase was recorded in the case of term deposits of natural persons. The share of this group of customers in total amounts due to customers increased by 1.3 p.p. as compared to the first half of 2008 and by 8.9 p.p. as compared to the end of 2008. Term deposits of corporate customers include funds of TUnŻ WARTA sourced from the sale of 'WARTA GWARANCJA' insurance term deposit – at the end of the first half of 2009 they amounted to PLN 1.2 billion (5.1% of total amounts due to customers).

Amounts due to the Group's customers	30.06.2009	31.12.2008	30.06.2008
Natural persons*	**60.1%**	**51.1%**	**58.8%**
- in current account	61.1%	65.5%	73.0%
- term deposits	38.0%	32.8%	25.3%
- other	0.9%	1.7%	1.7%
Corporate customers	**30.9%**	**36.9%**	**27.0%**
- in current account	35.4%	31.4%	46.4%
- term deposits	64.5%	68.1%	53.5%
- other	0.1%	0.5%	0.1%
Budget	**9.0%**	**12.0%**	**14.2%**
- in current account	69.8%	84.1%	73.8%
- term deposits	30.2%	15.9%	26.2%
- other	0.0%	0.0%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**

- The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households

6.3. Off-balance Sheet Items

The value of particular off-balance sheet items is presented in section 4 of the condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2009. The noticeable decrease was related mainly to liabilities regarding the purchase/sale transactions.

Guarantees and sureties issued, including those granted to the Issuer's related parties
As of 30.06.2009 and 30.06.2008, the Bank did not issue guarantees with the total value of at least 10% of the Bank's equity, to one company or entities of one capital group.

6.4. Income statement structure

The Group's net profit for the first half of 2009 amounted to PLN 4,053 thousand and was lower by 97.2% as compared to net profit in the first half of 2008. The deduction of PLN -273,331 thousand of net impairment losses on financial assets, other assets and provisions from the result for the first half of 2009 as compared to PLN -33,050 thousand in the first half of 2008 was the most important factor which had an impact on the differences between the compared periods.

At the same time, in the first half of 2009, the Group's operating profit increased by 24.0%(understood as profit before tax less net impairment losses and the share in profits of associates). It improved mainly due to:

- the growth of the value of the retail loans portfolio due to a large scale of the sale of mortgages in foreign currencies and consumer loans in the second half of 2008;
- focusing in the first half of 2009 on the optimization of the general expenses level in order to limit the level of fixed costs and the increase in the share of variable costs, what allows for flexible adjustment of the level of costs to changing macroeconomic conditions and the scale of operations.

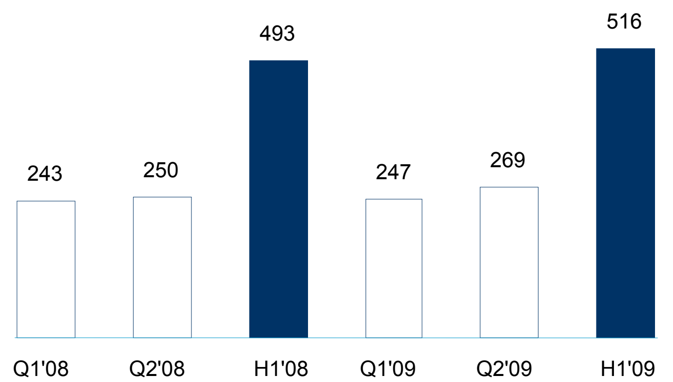
The main items of the Group's income statement are presented below.

in PLN '000'	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008	Change
Net interest income	516 137	493 308	4,6%
Net fee and commission expense	145 928	143 592	1,6%
Net gains from trading and investing activities (including dividend income and net result on derivatives used as hedging instruments and hedged items)	91 216	99 775	-8,6%
Net gains from other operating income/expenses	39 375	20 689	90,3%
Total income	**792 656**	**757 364**	**4,7%**
General and administrative expenses, and depreciation	-518 046	-535 829	-3,3%
Net impairment losses on financial assets, other assets and provisions	-273 331	-33 050	727,0%
Share in profit (loss) of associates	697	-912	N/A
Profit before tax	**1 976**	**187 573**	**-98,9%**
Income tax expense	2 077	-42 765	N/A
Net profit (attributable to the shareholders of the Bank)	**4 053**	**144 808**	**-97,2%**

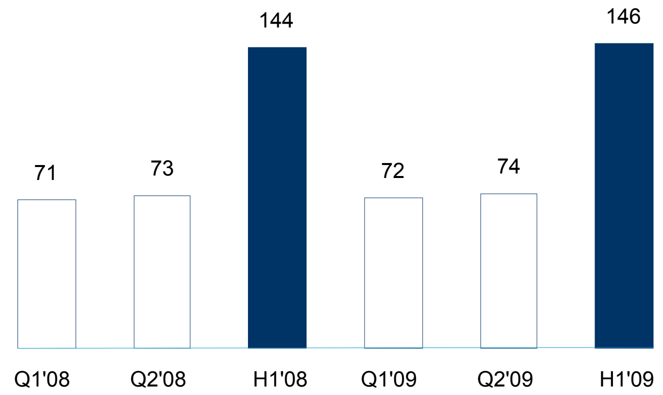
Net interest income and net fee and commission income generated by the Group in the first half of 2009 amounted to PLN 662,065 thousand and was higher by 4.0% than the figure in the first half of 2008 (PLN 636,900 thousand). The improvement was due to the good sale, in the second half of 2008, of leading loan products of the Group, including mainly mortgages, consumer loans and credit cards. An increase in business financing costs and the weakening of business activeness affecting the financial situation and the scale of customers' activities was the negative factor observed in the first half of 2009.

Net interest income was higher as compared to figures recorded in the first half of 2008 by 4.6%. A decisive increase in competition on the market of individual customers' deposits observed from the end of 2008 was a negative factor affecting its level in 2009. It resulted in a significant increase in interest rates of term deposits and savings accounts, despite the simulatenous drop in NBP interest rates. A significant decrease in the interest margin on deposits was the result of the changes.

Net interest income in the first half of 2008 and 2009, in millions of PLN, is presented in the graph below:



Net fee and commission income was higher as compared to figures recorded in the first half of 2008 by 1.6%. An almost double increase in fees related to loan insurance and fees for credit reference (in the first half of 2009, they totalled PLN 14,851 thousand against PLN 7,886 thousand in the first half of 2008) adversely affected the result in 2009. The decline in commission income from the distribution and management of combined investment and insurance products related to the slump on the stock market was another reason. In the first half of 2009, they amounted to PLN 16,529 thousand as compared to PLN 19,927 thousand in the first half of 2008. Loan-related commission and fee income (including credit cards) was the category with the highest growth rate – an increase by 35.4% to PLN 26,904 thousand. Net commission income in the first half of 2008 and 2009, in millions of PLN, is presented in the graph below:



The table below presents the structure of commission income in the first half of 2009 and 2008.

	01.01.2009 - 30.06.2009	Structure %	01.01.2008 - 30.06.2008	Structure %
Fees and commissions due for payment cards processing and ATMs maintenance	75 584	36.9%	61 874	33.6%
Fees and commissions on deposit-related transactions with customers	64 247	31.4%	62 804	34.1%
Fees and commissions related to lending activities	26 904	13.1%	19 874	10.8%
Commissions on distribution and management of combined investment and insurance products	16 529	8.1%	19 927	10.8%
Commissions on guarantee commitments	9 439	4.6%	6 698	3.6%
Commissions on foreign clearing operations	7 900	3.9%	8 395	4.6%
Commissions on other custodian services	1 019	0.5%	1 468	0.8%
Other fees and commissions	3 248	1.6%	3 240	1.8%
Total	**204 870**	**100.0%**	**184 280**	**100.0%**

Net gains from trading and investing activities (including dividend income and net result on derivatives used as hedging instruments and hedged items) in the first half of 2009 amounted to PLN 91,216 thousand, i.e. was lower by 8.6% than in the first half of 2008. Net trading income decreased by 15.9% and amounted to PLN 85,615 thousand as compared to PLN 101,767 thousand in the first half of 2008. That was due to the fact of including, in the first half of 2009, in this category, of write-downs of active derivatives of PLN 26,054 thousand and the adjustment of the valuation of SWAPs for the amount of ca. PLN 8 million.

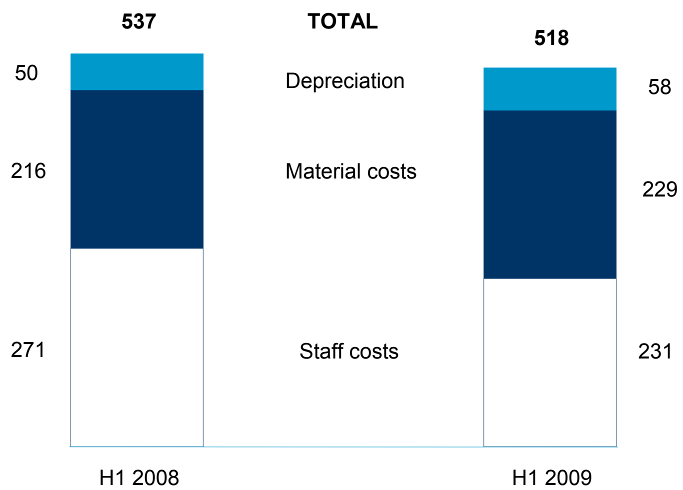
Net gains from other operating income/expenses, in the first half of 2009, amounted to PLN 39,375 thousand, i.e. by 90.3% (by PLN 18,686 thousand) more than in the first half of 2008. Income from the lease of office space by Reliz is the main component in this category. In the first half of 2009, the income was higher by PLN 3,232 thousand than in the first half of 2008 (as a result of higher rates of exchange). In the first half of 2009, as compared to the corresponding period of the last year, the inflows concerning receivables previously written off from the balance sheet were also higher by PLN 7,785 thousand. In addition, the reversal of provisions for various debtors of PLN 4,609 thousand had a positive impact upon the result.

In the first half of 2009, the Group's general and administrative expenses amounted to PLN 518,046 thousand and were down by 3.3% in comparison with the first half of 2008.
The decrease resulted mainly from the decrease in staff costs, which decreased by 14.7% (i.e. PLN 39.7 million), also due to the decisions made at the beginning of 2009 about organisational changes and the reduction of employment in the Group. At the end of the first half of 2009, it decreased by 459 FTEs as compared to the end of the first half of 2008, mainly in the Bank and in Żagiel. The establishment of provisions for bonuses on a lower level than in the previous year was another reason.

The general expenses as compared to the first half of 2008 increased by 6.4% (i.e. by PLN 13.8 million). The increase was related mainly to the costs of buildings maintenance and lease, IT costs and postal and telecommunications fees. The increases resulted from, among other things, the expansion of the network of outlets terminated in 2008, the depreciation of the Polish zloty (the impact upon the level of lease costs expressed in majority in EUR and USD) and an increase in the costs of maintenance of IT infrastructure. An increase in taxes and levies, including BFG costs (by PLN 4.6 million) and the Polish Financial Supervision Authority (by PLN 1.3 million) was also of significance. The increases were partially set off by the decrease in marketing costs and the purchase of other materials. General and administrative expenses incurred in the second quarter of 2009 were lower by 3.1% that the costs in the first quarter of 2009.

The measures to optimize the general and administrative expenses taken in the first half of 2009 have been continued. They aim at a permanent decrease in the fixed costs base, what will make it possible to manage expenses in a more optimal way.

General and administrative expenses, and depreciation costs, in the first half of 2008 and 2009, are presented in the graph below (in millions of PLN):



Cost/income ratio (CIR) in the first half of 2009 was equal to 65.4%, what denotes an improvement as compared to the first half of 2008 level by 5.6 p.p.

In the first half of 2009, net impairment losses on financial assets, other assets and provisions were negative and amounted to PLN -273,331 thousand as compared to the deduction from profit before tax in the first half of 2008 of PLN -33,050 thousand.
The most important reasons for the increase in impairment losses are as follows: requirements to enter into books, in the first half of 2009, write-downs for mature, not-paid currency derivatives of customers for PLN 70 million and an increase by PLN 89 million in net impairment losses for receivables of customers from the consumer finance segment. Both above-mentioned factors are an effect of the economic crisis adversely affecting the financial situation of the Group's customers. In addition, the result for the first half of 2008 contained the reversal of the provision for litigation related to the court judgment advantageous for the Bank amounting to PLN 36 million.

Income tax expense positively affected net profit in the first half of 2009. The credit due to the income tax in the Group in the first half of 2009 amounted to PLN 2,077 thousand, as compared to the deduction from the Group's net profit in the first half of 2008 of PLN -42,765 thousand. The effective tax rate in the first half of 2009 was distorted by the reversal of provisions and impairment losses in the Group's companies for which, at the time of the establishment, no tax asset was created, of PLN 12 million.

7. Risk management

The following risks can be distinguished in banking activities: credit risk, liquidity risk, market risk and operational risk. The Bank's supervisory bodies, explicitly the Management Board and the Supervisory Board, play the most important role in the risk management process. The Bank's Supervisory Board, through the Audit Committee, is informed about the most crucial decisions and give opinions about the actions of the Management Board in this respect. Particular risks are dealt with directly by specialised Committees:

- Assets and Liabilities Management Committee – responsible for the management of the risk in the banking portfolio and in the trading portfolio as well as the management of the Bank's structural liquidity;
- Operational Risk Committee – supervising the management of the operational risk;
- Credit Risk Committee – supervising the credit risk management process.

Members of the Management Board supervise works of the above committees; there are at least two Board Members in each committee. The basic principles of the risk management process are mainly as follows: observance of internal and external limits and optimising and mitigating risk in the process of ongoing monitoring. The risk management process is strictly related to the capital management process. The main objective of capital management in the Bank is to optimise it and, at the same time, to meet external capital requirements. To achieve this goal, in the first half of 2008, the Bank implemented ICAAP (Internal Capital Adequacy Assessment Process).
Details of the risk management system and applied risk metrics are presented in Note 44 to the condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2009.

7.1. Credit risk

Credit policy and credit risk management process

Credit risk in Kredyt Bank S.A. Capital Group is defined as the potential shortfall relative to the value expected for a financial instrument consequent on non-payment or non-performance by a borrower, guarantor or counter-guarantor, counterparty (in relation to treasury transactions) or an issuer (of a debt instrument), due to that party's insolvency or lack of willingness to pay, or to events or measures taken by the political or monetary authorities of a particular country. Credit risk is managed taking into account the credit risk aspect corresponding to individual transactions and from the portfolio perspective.

Kredyt Bank S.A. Capital Group follows a prudent credit risk policy. The main objective is to prevent impairment of the loans portfolio and minimize the share of receivables for which premises of impairment were identified in total loan receivables. The primary assumptions of the credit policy are as follows:

- clear-cut division between sale and credit risk management functions;
- ongoing monitoring and early identification of hazards;
- centralization of decision-making powers in the credit process and in the process of the management of impaired loans portfolio;
- risk diversification and limited financing of higher-risk business activities.

In the first half of 2009, due to the deterioration of the economic situation, the Bank undertook the following measures to tighten the credit policy and improve the effectiveness of the debt recovery process:

- it ceased to extend mortgages denominated in foreign currencies;
- it accepted new higher costs of family maintenance used in the calculation of customers' creditworthiness;
- it implemented an extended verification of customers in BIK base, used in the lending process, to improve the quality of accepted customers;
- it implemented new, more restrictive lending terms in the case of individual customers;
- it introduced a procedure of managing endangered financial institutions.

The depreciation of the Polish zloty observed in the first half (with its peak in March 2009) adversely affected the valuation of professional transactions concluded with the Bank's customers, and hence, led to an increase in the credit risk resulting from a possible lack of the possibility of paying receivables on the date of a transaction settlement. To limit the risk, the Bank undertook the following measures:

- further restrictions on professional limits;
- implementation of new risk weights applied in the calculation of the use of professional limits, to avoid a large number of exceeding in the future, resulting from the significant increase in the volatility of rates of exchange;
- implementation of the methodology to calculate portfolio provisions for professional transactions.

Apart from standard loan collateral specified in loan agreements which are in line with the practices applied in the industry (mortgage, transfers of ownership to secure a loan, registered pledges, sureties, guarantees and transfers of receivables), the Bank does not apply any other loan collateral, e.g. credit derivatives. The Bank monitors established legal securities of loan transactions by evaluation of the value of approved collateral on the basis of documents lodged by the borrower (including valuations of appraisers) and internal databases including historic data about the recoverability of collateral.

As at 30.06.2009, the coverage of the Bank's balance sheet and off-balance sheet loans and advances to counterparties other than banks and governments with internal ratings amounted to 97.34%. As at 30.06.2009, the concentration limits were not exceeded.

Exposure towards 10 major corporate customers

as at 30.06.2009

Company	Share (%) in the portfolio
Customer 1	3.3
Customer 2	2.4
Customer 3	2.3
Customer 4	2.2
Customer 5	2.1
Customer 6	2.1
Customer 7	1.8
Customer 8	1.8
Customer 9	1.6
Customer 10	1.4
Total	**21.0**

Exposure in industrial segments (excluding natural persons)

Industry	Exposure % 30.06.2009	Comparable data Exposure % 31.12.2008	Comparable data Exposure % 30.06.2008
Production activities	30.0	27.9	31.6
Retail and wholesale; repairs of motor vehicles and articles for personal and home use	24.3	24.1	22.5
Real estate administration and lease	16.1	15.3	10.0
Financial intermediation	9.9	11.3	15.3
Construction	6.1	5.8	5.6
Transport, storing and communication	3.6	4.7	4.7
Agriculture, hunting and forestry	2.3	2.3	1.9
Public administration and national defence, legally guaranteed social care	2.2	2.8	3.0
Mining	1.6	1.6	1.5
Health care and social care	1.0	1.1	1.1
Supplies of electricity, gas and water	0.9	1.0	0.8
Hotels and restaurants	0.8	0.9	0.8
Other services to municipalities, social and individual services	0.8	0.9	1.0
Education	0.3	0.2	0.2
Fishing and fish culture	0.1	0.1	0.0
Total	**100.0**	**100.0**	**100.0**

Geographical exposure

Province	Gross loans structure (%) 30.06.2009	Comparable data Gross loans structure (%) 31.12.2008	Comparable data Gross loans structure (%) 30.06.2008
Mazowieckie	23.0	22.7	22.2
Lubelskie	13.1	13.8	14.7
Dolnośląskie	10.6	10.8	10.7
Wielkopolskie	8.7	8.9	8.7
Pomorskie	7.7	7.3	6.9
Małopolskie	6.9	5.7	7.2
Śląskie	6.3	7.3	6.8
Zachodniopomorskie	4.8	4.8	4.5
Łódzkie	3.9	3.9	4.0
Podlaskie	3.1	3.2	3.3
Kujawsko-pomorskie	2.9	2.9	2.8
Podkarpackie	2.6	2.6	2.6
Warmińsko-mazurskie	2.2	2.1	2.2
Lubuskie	1.6	1.6	1.3
Świętokrzyskie	1.4	1.2	1.2
Opolskie	1.0	1.0	0.7
Non-resident	0.2	0.2	0.2
Total	**100.0**	**100.0**	**100.0**

7.2. Liquidity risk

The liquidity risk is strictly associated with activities of any bank. It results, among other things, from the mismatch of assets and liabilities in terms of maturity dates what is a natural effect of varied customers' requirements as regards deposits and loans. Maintenance of financial liquidity, understood as the ability to timely meet financial liabilities, is the crucial element of the policy on assets and liabilities management applied by the Bank. The current liquidity is maintained through correcting the surplus or shortage of liquid cash by operations conducted on the interbank money market. The Bank's safety calls for the maintenance of liquid reserves as well as the term and quality structure of the whole balance sheet. Decisions related to liquidity risk management are made by the Bank's Assets and Liabilities Management Committee. The Bank hedges the liquidity risk by:

- maintenance of an appropriate level of cash, taking into account a volume of statutory provisions;
- possession of a proper volume of portfolios of liquid securities (governmental bonds);
- performing transactions on derivatives;
- maintenance of a diversified portfolio of deposits as regards terms and customers;
- access to the interbank market and open market transactions;
- access to lombard loans.

An analysis of the Bank's liquidity is performed mainly on the basis of the liquidity gap report and the assessment of the deposit base stability by, among others, monitoring the mismatch of the maturity dates of assets and liabilities, what makes it possible to forecast the demand for liquid assets and avoid excessive concentration of cash disbursements on a close date. The Bank's financial liquidity is also monitored on the basis of a system of ratios reflecting the structure of liabilities and receivables for time ranges from 7 days to 5 years, i.e. Stock Liquidity Ratio (SLR) – a short-term liquidity ratio (up to 5 working days); Liquidity Mismatch Ratio (LMR) – a liquidity ratio

(up to 3, 6 months); and Coverage Ratio (CR) – a liquidity ratio which informs about a degree of financing long-term assets with long-term liabilities (1, 2, 3 and 5 years).
The Bank continues works on the methodology of making a liquidity gap report real. The process of making the gap real is aimed at presenting a true picture of liquidity. The Bank models customers' behaviour (the quantity of revolving term deposits, amounts of extended but still undrawn loans) and takes into account results of those analyses in the picture of the Bank's liquidity.
The Group finances the lending activities (especially loans in foreign currencies) not only with deposits but also, to a large extent, with financing made available by KBC, the Bank's main shareholder. Borrowed loans and advances as well as received deposits will be renewed at their maturities, what enables the Bank to treat them as long-term financing.

Stability of financing sources

in PLN '000'	30.06.2009	31.12.2008	30.06.2008
Loans and advances from KBC Group	7 202 103	6 763 261	3 655 012
- including loans and advances in foreign currencies	6 630 156	4 991 104	1 993 416
Term deposits	3 124 725	4 087 081	521 375
- including term deposits from KBC Group	3 110 907	3 993 949	353 572
Current accounts	1 008 657	1 271 449	2 977 321
Other liabilities	5 033	3 222	4 023
Total amounts due to banks	**11 340 518**	**12 125 013**	**7 157 731**
Subordinated liabilities (from KBC Group)	849 952	279 643	208 800
Total	**12 190 470**	**12 404 656**	**7 366 531**

The structure of the deposits base is advantageous also due to the original maturity date. As at 30.06.2009 and 31.12.2008 and 30.06.2008, it was as follows:

Amounts due to customers by maturity dates

	30.06.2009	Comparable data 31.12.2008	Comparable data 30.06.2008
- up to 1 month	16 109 697	14 425 135	15 992 795
- 1-3 months	3 933 269	3 229 994	1 431 886
- 3-6 months	1 330 802	1 476 417	1 085 669
- 6 months to 1 year	535 767	716 340	510 240
- 1 - 3 years	225 872	194 506	33 667
- 3 - 5 years	227 160	214 787	258 976
- 5 - 10 years	7 062	17 327	24 678
- 10 - 20 years	864	860	854
- over 20 years	0	0	0
Total	**22 370 493**	**20 275 366**	**19 338 765**

Gross loans and advances to customers by maturity dates

	30.06.2009	Comparable data 31.12.2008	Comparable data 30.06.2008
- up to 1 month	1 355 405	617 664	738 443
- 1-3 months	821 827	827 967	751 524
- 3-6 months	1 465 732	914 266	1 037 489
- 6 months to 1 year	4 802 886	5 370 333	4 570 406
- 1 - 3 years	3 942 962	3 608 734	2 411 144
- 3 - 5 years	2 454 809	2 346 079	1 894 619
- 5 - 10 years	4 083 455	4 094 975	2 726 336
- 10 - 20 years	5 176 598	4 588 744	2 709 976
- over 20 years	3 791 139	4 022 498	2 467 672
- past due	1 085 095	1 269 387	815 683
Total	**28 979 908**	**27 660 647**	**20 123 292**

7.3. Market risk

Market risk is defined as a degree of the hazard to the Bank's financial standing resulting from adverse changes in market parameters (interest rates, exchange rates and prices of shares) and their market volatility.

The Bank does not trade on stock market (investments in shares are long-term investments or investments in strategic subsidiaries). The Bank does not trade on commodity markets. In the Bank, among all types of market risks, we deal with interest rate risk and currency risk. The Bank's activity is divided into two parts: Trading Book and Banking Book. Due to different nature of opened positions, the risk is monitored in each book separately.

Trading Book

The Trading Book is a separated part of the Bank's portfolio, where the Bank intends to generate income resulting from short-term changes in prices, interest rates, exchange rates or other market parameters. The main activity of the Trading Book is associated with financial instruments in PLN, and, to a lesser extent, also in USD and EUR.

Value at Risk (VaR) is the basic metric of risk in the trading portfolio. Value at Risk means such a value that the probability of the Bank's loss exceeding this value amounts to 1% (with assumed 99% level of significance – such a level was assumed by the Bank). Value at Risk (VaR) in the Bank is calculated by historical method in the time horizon of 10 days, taking into account market figures for the previous 500 days. VaR limit for the Trading Book overlaps Global VaR, which includes both the currency risk and the interest rate risk.

The Bank does not maintain interest rate options or currency options for its own account, i.e. it does not pursue speculative activities. Therefore, the market risk in the portfolio of option transactions does not exist.

Trading Book – interest rate risk
Interest rate risk reflects a degree of a hazard to the Bank's financial standing arising from adverse changes in market interest rates. The level of interest rate risk is monitored and mitigated (by establishing limits) against BPV (basis point value – price sensitivity to parallel shifts in interest rates on the yield curve).
In addition, the analysis of the sensitivity of the total Trading Book position to interest rate risk is performed through the calculation of interest rate risk VaR (with the same parameters as Global VaR, i.e. the significance range of 99%, 10-day time horizon and 500-day observation horizon). The interest rate risk analysis is supplemented by stress-testing which is the amount of possible loss due to extremely adverse (critical) changes in interest rates.

Trading Book – currency risk
Currency risk is a degree of the risk for the Bank's financial standing resulting from adverse changes in exchange rates on the market. This risk covers income on foreign exchange transactions and measurement of open position in currencies resulting from the difference between the value of assets and liabilities in a given currency. The Bank's position in currencies is managed for the Trading Book and the Banking Book jointly. The Bank's position in currencies is managed in the Trading Book.
The daily analysis of the sensitivity of the total Trading Book position to currency risk is performed through the calculation of currency risk VaR (with the same parameters as Global VaR, i.e. the significance range of 99%, 10-day time horizon and 500-day observation horizon).

Banking Book

The Banking Book covers operations not covered by the trading portfolio, i.e. commercial activities of branches, credit intermediaries and the portfolios of securities hedging the liquidity and constant interest income.

Banking Book – interest rate risk
The Bank actively manages the interest rate risk for 5 main currencies of the balance sheet: PLN, EUR, USD, CHF, GBP.
An interest rate gap prepared separately for each currency is the basic measurement and risk-limiting tool in the banking portfolio. The following risk metrics are calculated on that basis:

- sensitivity of the measurement of assets and liabilities (BPV);
- duration;
- accumulated gap ratios.

An analysis of the interest rate gap applied in the interest rate risk management of the Banking Book is based on information on particular items of the Bank's balance sheet as well as off-balance items sensitive to changes in interest rates. In the case of financial instruments without defined maturity date (according to a stability analysis for each type of product), the Bank implemented the model of periodic deposits rollover. This approach towards products allows for effective management of risk associated with this type of instruments and for the generation of constant income from investments of these assets.
Stress-testing and VaR calculations are additional interest rate risk monitoring tools in the Banking Book.

Banking Book – currency risk
As mentioned above, the position in currencies is managed in the Trading Book. The positions related to the Bank's customers' transactions arising during the day are transferred, via internal transactions, to the Trading Book.
It should be noted here that the currency risk at Kredyt Bank is perceived not only as the risk occurring for an open position in currencies, but also as the risk of a change in the value of certain

products as a result of changes in exchange rates. In particular, this risk occurs in the case of loans extended in foreign currencies. In order to mitigate credit risk, increasing in the case of the growth in the exchange rate of the loan currency (this also refers to loans granted in PLN, with its value indexed to the foreign currency exchange rate), the loans agreements for institutional customers contain clauses on the establishment of additional collateral or permit to translate the loan, when the customer does not generate income in the loan currency. Additionally, in order to hedge the exchange rate risk the customer is exposed to, derivatives (forwards, options) are offered to him.
In order to mitigate the currency risk on granting mortgages in a foreign currency to individual customers, the Bank, analysing the creditworthiness:

- determines the value of the highest monthly interest and principal repayment instalment for the applied loan with the assumption that the principal of the applied loan is 20% higher;
- the Bank calculates the maximum level of LtV (Loan To Value) ratio on a lower level than for loans in PLN (LtV ratio should be understood as the loan value/collateral value ratio);
- additionally, the applicant is informed about the foreign exchange risk.

In the second quarter of 2009, the Bank withdrew from its offer loans in EUR and CHF for individual customers and SMEs.

Details of the values of particular risk metrics and the application of hedge accounting for the Banking Book are presented in Note 44 to the condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2009.

Average interest rates in Kredyt Bank S.A. in 2009

Average interest rates of customers' deposits, calculated as the ratio of interest expenses to the average deposits volume in the year, for major currencies, were as follows:

	30.06.2009	30.06.2008
PLN	4.6	3.9
EUR	1.6	2.5
USD	1.1	2.4
CHF	0.3	0.5

Average interest rates of customers' loans, calculated as the ratio of interest income from performing loans to the average volume of loans and advances in the year, for major currencies, were as follows:

	30.06.2009	30.06.2008
PLN	7.9	7.8
EUR	3.4	5.5
USD	2.0	5.0
CHF	2.3	4.3

7.4. Operational risk

The Group defines the operational risk as a possibility of an unexpected influence upon the financial result, as a consequence of maladjustment or unreliability of internal processes, people, technical systems as well as a consequence of external incidents.

To calculate the capital requirement for operational risk, the Bank applies the Basic Indicator Approach. As a result, the Bank, inter alia,:

- defined specific roles and responsibilities of employees within this system;
- keeps a record of operational events and losses resulting from the operational risk;
- introduced the operational risk management system which is regularly reviewed by independent auditors.

The Bank took measures focused on the application of the standardized approach, by, e.g.: enhancing the operational risk assessment system through systematic risk self-assessments (RSA) in particular business areas and risk management, through the implementation of action plans to reduce the risk and the measurement of risk using Key Risk Indicators (KRI). The aim is to effectively include the outcome of risk assessment in the monitoring and control process for Kredyt Bank's operational risk profile.
Operational risk coordinators, supporting the managers of business units, play a crucial role in the implementation of operational risk management tools and techniques. Managers of particular business lines are directly responsible for operational risk management.

The infrastructure and methodology of management are coherent within the Bank and its subsidiaries. Identification and operational risk rating tools are identical. The whole process is supervised by the Operational Risk Committee and the Bank's Management Board.

8. Financial ratings for the Group's parent company

As at 30 June 2009, Kredyt Bank S.A. did not have financial ratings prepared on the basis of its order.

On 11 March 2009, Kredyt Bank S.A. notified of termination of the agreement on the provision of rating services concluded by Kredyt Bank S.A. and Moody's Investors Service. The above decision was made as a result of the fact that, in the nearest future, the Bank does not intend to obtain long-term financing from external sources, which would justify the assignment of ratings.
According to the information submitted on 11 March 2009 by Moody's Investors Service, the withdrawal of KB S.A. ratings did not mean the change in the assessment of the Bank's credit rating.

In turn, on 30 March 2009, the Bank terminated the agreement on the provision of rating services concluded between Kredyt Bank S.A. and Fitch Ratings. The above decision was made as a result of the fact that, in the nearest future, the Bank does not intend to obtain long-term financing from external sources, which would justify the assignment of ratings.
The Management Board of Kredyt Bank S.A. informed also that on 30 March 2009, Fitch Ratings confirmed the above ratings of the Bank: Long-term Issuer Default Rating (IDR) at A (with negative outlook), Short-term Issuer Default Rating (IDR) at F1 and the Support Rating at 1.
At the same time, the agency decreased the individual rating of Kredyt Bank S.A. from 'C/D' to 'D'. The agency justified that the above decision reflected the deterioration of economic conditions in Poland, which may result in lower income and higher costs of risk for Polish banks. In this context, according to Fitch, Kredyt Bank's capital base ensures only a limited hedging in the case of the negative scenario.

9. Corporate Governance

Corporate Governance rules

Since the implementation of Corporate Governance principles (for the first time, they were incorporated by the authorities of the Warsaw Stock Exchange in 2002), Kredyt Bank S.A. declared its adherence to them and made every effort to apply recommendations and corporate governance principles to the largest possible extent.
On 1 January 2008, Corporate Governance rules enlisted in the document entitled ‘Code of Best Practice for WSE Listed Companies’ came into force (Resolution by the Stock Exchange Board No. 12/1170/2007 of 4 July 2007).The Bank approved of the new rules on 28 May 2008 under Resolution No. 25/2008 by the Ordinary General Meeting of Shareholders of Kredyt Bank S.A.
The first ‘Corporate Governance Report – 2007’ on the application of new rules was attached to the Bank’s Financial Statements for 2007 and published on the Bank’s website. ‘Corporate Governance Report – 2007’ referred to the rules valid in 2007, i.e. ‘Best Practices in Public Companies in 2005’.
In 2009, the Bank’s Management Board prepared ‘Corporate Governance Report – 2008’ based on the ‘Code of Best Practice for WSE Listed Companies’ that was attached to the Bank’s Financial Statements for 2008 and published on the Bank’s website.

According to the rules of the corporate governance, the Bank applies the By-laws of the Supervisory Board and of the Management Board, as well as the By-laws of the General Meeting of the Bank’s Shareholders. Members of the Supervisory Board have proper education; the majority of them are graduates from law or economic schools of higher education. In addition, all Members of the Supervisory Board have many-years’ experience in the area of business management.

The Audit Committee and the Remunerations Committee operate in the Supervisory Board. If need be, the Supervisory Board may also appoint other Commitees, defining their scope and operating mode. The Audit Committee performs supervisory activities over the operations of business units of the Bank responsible for internal audit, risk management and compliance function. The Remunerations Committee is responsible for the supervision over staff issues and remunerations, especially of Members of the Bank's Management Board.
The By-laws of the General Meeting of Shareholders of the Bank define detailed rules for the meeting procedure and for adopting resolutions. The By-laws define, among other things, the rules for participating by shareholders in the General Meeting of Shareholders and detailed rules referring to the selection of the Supervisory Board by way of voting by separate groups.

The Bank, by observing the rules for corporate governance, presents, on its corporate website, at www.kredytbank.pl, in Polish and English, basic corporate documents, CVs of the Members of the Bank’s Management Board and of the Members of the Supervisory Board, current and periodical reports and other information allowing for reliable assessment of the company's operation. The information referring to the General Meeting of Shareholders of the Bank (including dates, draft resolutions with justifications, the report on the activities of the Supervisory Board), corporate events, the conclusion of material agreements, are prepared and published according to the valid legal provisions. Statements by Members of the Supervisory Board on relations with shareholders and the statements concerning the observance of corporate governance rules from previous years have also been made available on the Bank's website. The process of establishing and paying the dividend and of establishing the rights of shareholders resulting from corporate events is carried out on the basis of valid legal provisions, with required time intervals being respected. The Bank observes the rule of equal treatment of shareholders as regards transactions and agreements concluded by the Bank with shareholders or related entities. A proposal of the Bank’s Management Board concerning the selection of an entity authorized to audit financial statements is examined by the Supervisory Board following the presentation of the Audit Committe's recommendations.

Business ethics

Kredyt Bank considers ethics and honesty as the fundamental values to develop its business activity. Our corporate values, which form the acronym PRO (Professsional, Respectful and Open), are a guideline for us in our daily activities. Jointly, they form a consistent unit and entail: courtesy towards customers, efficiency, entrepreneurship and innovation.

The overriding rule of the credit policy consists in financing transactions which comply with ethical standards and the rules of law. Financing criminal activities within the meaning of the criminal code and of socially unacceptable activities is excluded. Kredyt Bank does not finance production and trade in weapons, gambling, erotic business, bio-engineering projects, avoids financing companies showing higher ecological risk.

The Bank applies the policy of accepting gifts and presents by employees, which provides for an absolute ban on corruption, bribery, accepting money and extorting gifts as a condition of the positive case solution. In addition, it stipulates that gifts in the form of bribes or hidden commissions are always prohibited.

The Bank's policy on whistleblowers reporting abuses, irregularities and negligence in the operations of Kredyt Bank S.A. Group gives the opportunity of reporting abuses or another negligence by employees at a very early stage, without the fear of repression. At the same time, whistleblowers can enjoy the guarantee of fair treatment, and the cases reported by them are examined objectively and with confidence.

The Bank applies the policy concerning prevention of money laundering and terrorism financing. On the Bank's website, there is a questionnaire confirming the implementation by the Bank of the said policy and meeting its requirements.

Social commitment

Kredyt Bank, apart from typical business activities, perceives the need to actively participate in issues important for local communities in which it operates. Along with Warta, it carries out valuable social projects. The company's responsibility in this area manifests itself in the strive to create friendly environment for the development of the community, with special support for safe development of children and the promotion of right attitudes and behaviour among them.

Since 2007, in cooperation with Stowarzyszenie Laboratorium Troski (The Care Laboratory Association), the companies have been implementing a social and educational project for pupils, classes 1-3, of primary schools called 'Akademia Misia Ratownika' ('The Academy of Teddy-Bear the Rescuer'). The aim of the project is to reduce accidents involving the youngest children, to protect their health and to guard them against violence and addictions. The second edition of the project was terminated in spring 2009. In total, 18 thousand pupils from 128 schools and 848 classes of early years education participated in both editions of the programme.
The project was awarded by Forum Odpowiedzialnego Biznesu (Responsible Business Forum (FOB)) in the Report 'Odpowiedzialny biznes w Polsce. Dobre praktyki' ('Responsible Business in Poland. Good Practices'), in 'Business and Community' category. In addition, the Report, in 'Social Campaigns' category, presented the educational programme of the Bank and of Warta called 'Podróże na medal' ('Travels deserving a medal'). Mentioning both projects in the Report is the proof that social projects carried out by the companies are valuable and appreciated by independent experts.
This year's edition of the Report entails the total of 155 good practices; 88 most interesting examples of activities presented by 77 companies were selected from them. The Report is the only publication summing up the best social campaigns of companies in a given year in our country.

The Bank continues the cooperation as the Strategic Partner of Forum Odpowiedzialnego Biznesu and takes part in the Partnership Programme implemented by FOB. The community of Partners entails those companies which ‘through their values, actions and experience as well as commitment to the Partnership Programme of the Responsible Business Forum support the development of responsible business in Poland on a long-term basis’.

Since 2008, the company has been cooperating with Stowarzyszenie Centrum Wolontariatu (‘Volunteer Centre’ Association). The Bank is a Partner to ‘Wolontariat Biznesu’ (‘Business Volunteer’) Programme – a group of socially responsible companies which perceive chances in employee volunteering, both for themselves and employees. In the first half of 2009, the Bank held, among other things, a free blood donation campaign in the Bank's Head Office, an excursion for children from the hospice in Łódź to SAFARI near Poddębice in the region of Łódź, and organised repairs of the Foster Home in Łódź. There are over 100 volunteers in Kredyt Bank and Warta.

The company is willing to participate in local campaigns which show the company’s social commitment. The Bank supported financially the construction of one of the largest playgrounds in Śląskie Province. An integrational and modern playground with the area of 1500 square meters was established in Katowice at Osiedle Tysiąclecia housing estate, owing to the cooperation of the Bank with ‘Piast’ housing cooperative.

The social projects are also implemented by ‘Razem Możemy Więcej’ (‘Together We Can Do More’) Foundation of Warta and Kredyt Bank, which carries out non-for-profit activities in the area of education, culture and charity. In the first half of 2009, the Foundation continued the volunteer support programme ‘Chcę pomagać!’ (‘I want to help!’), which entails grants of up to PLN 5 thousand for projects submitted by socially involved employees. Towards the end of May, the Council of the Foundation awarded 8 grants for the total amount of PLN 34 thousand, designated, among other things, for holiday attractions for children from the Residential Home in Żardeniki and children’s homes from Wałbrzych, Białystok and Podgrodzie near Vilnius. The Foundation has also been cooperating with Porozumienie ‘Dzieci pod Ochroną’ (‘Children Under Protection’ Association) supporting its activities not only financially but also in substantive terms. In June 2009, the social campaign prepared by the Association called ‘Bicie jest głupie’ (‘Battering is Stupid’) against the application of corporal punishment was launched. The activities are to lead to legislative changes, including the introduction of the total ban on the application of corporal punishment.

Kredyt Bank and Warta have also been supporting interesting cultural events for years now. During the last three years, the company got involved in three spectacular music events at the world artistic level; in 2007 – Genesis; in 2008 – Carlos Santana, the legendary guitarist; and in May 2009 – Simply Red. Through sponsoring events of a significant social overtone, the companies want to develop Poles’ cultural life and establish and maintain positive relations with customers.

10. The outlook and growth drivers for Kredyt Bank S.A. Capital Group

External drivers

The global economy is in the state of deep recession triggered by a rapid escalation of the financial crisis, which had place in the fourth quarter of 2008 and by the common decline in trust of the participants of economic processes both enterprises and consumers. The scale of the deterioration of business conditions turned out to be greater than expected, both in relation to the global economy and the Polish economy. In addition, the economic collapse in Europe is expected to be probably deeper than in America. Governments responded with a series of initiatives which aim at loosening the fiscal policy and limit the restrictive nature of the monetary policy. The possibility of strong inflation impulses is a threat related to such an economic policy.

Polish economy is at the brink of recession. In the case of the banking sector, the impact of the crisis was initially visible in the transfer of global turmoil to the Polish market, which resulted in the decrease in the liquidity of domestic financial markets and the strong depreciation of the Polish zloty.
Limited access to financing on the interbank market and a noticeable balance sheet imbalance between loans and term deposits noticeable in the scale of the sector resulted in a significant increase in the competition on the deposit market and, in consequence, in an increase in the cost of financing activities. Maintaining the profitability of certain loan portfolios, expecially mortgages granted with the application of the fixed margin, may become a problem for banks. The recommendation of the banking regulator which makes it possible for customers to pay debt directly in the currency of the loan, became an additional factor decreasing the banks' income.
The development of lending activities in the first half of 2009 halted significantly and one may expect its further limitation. The increase in credit risk, and, in consequence, in the costs of this risk, resulting from the deterioration of the economic situation of customers, was a very important factor. This element will be key in 2009 for the results of the whole banking sector.

Summing up, the most important negative factors which may affect future financial results of the Group are as follows:

- a decline in household income in real terms due to the negative trends on the labour market (an expected increase in the unemployment rate and the decline in the growth rate of remunerations) and the resulting decline in consumer demand;
- limited investing activeness in enterprises sector;
- worse results for export effecting from the realization of negative scenarios on foreign outlet markets, at the level of financial results of exporters, not set-off by the depreciation of the Polish zloty;
- persisting high costs of long-term liquidity both in PLN and in foreign currencies and a high cost of sourcing deposits;
- a decline in the demand for mortgage loans due to the limitation of the purchasing power of households, limiting the market of consumer loans due to the smaller number of customers with good creditworthiness;
- a decrease in prices on the real properties market;
- potential deeper/long-term depreciation of the Polish zloty resulting in, e.g. higher risk of the failure to settle transactions on derivatives by the Bank's customers and potential problems concerning the timely repayment of mortgages in foreign currencies;
- long-term turmoil on financial markets which may lead to a further decline in demand for investment products offered by the Group due to the deepening of clients' already high aversion to risk.

Internal drivers

The limitation and effective management of credit risk as well as the optimization of the costs base, allowing for the decrease in the level of expenditure in the context of the economic slowdown, will be the most important factors for the accomplishment of the strategic objectives of Kredyt Bank S.A. Capital Group in 2009.
Due to the deterioration of the situation of customers, since the beginning of 2009, the credit policy has been tightened through the uplifting of requirements and the expansion of the creditworthiness verification process, the enhancement of the monitoring of customers' financial situation and addressing sale to the best groups of customers and selected, less risky industries.
The development and implementation of a new cost management model to ensure flexible matching of incurred costs to the scale of operations (reducing the share of fixed costs, increasing the share of variable costs) will be one of the most important objectives for 2009. The organisational structure streamlining projects are continued. Their aim is to better align the existing resources to the scale of

business and the implementation of the comprehensive staff management system, from recruitment, through development, appraisal and aspects of the incentive system and payroll structure. The process of the review and of the verification of the distribution network from the point of view of effectiveness and the possibility of the sale of deposit products is also continued.

11. Statements of the Management Board

Under § 90 clause 1 items 4 and 5 of the Ordinance by the Minister of Finance of 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 No. 33, item 259), the Management Board of Kredyt Bank S.A. hereby makes the following statements:

11.1. True and fair view presented in the financial statements

According to the best knowledge of the Management Board of Kredyt Bank S.A., the interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2009 ended on 30.06.2009 along with the comparable data, were prepared according to the accounting principles effective in the Group and present a true and fair view of the financial standing and assets of Kredyt Bank S.A. Capital Group as well as of its financial result. In addition, the Management Board of Kredyt Bank S.A. hereby declares that the semi-annual Management Board's report presents a true picture of the development and accomplishments, as well as the situation (including the description of basic risks and threats) of Kredyt Bank S.A. Capital Group in the first half of 2009.

11.2. Appointment of the certified auditor for financial statements

The Management Board of Kredyt Bank S.A. hereby declares that the entity authorized to review the interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2009 ended on 30.06.2009 was appointed as required by law. This entity and certified auditors performing the review complied with the conditions on the issue of impartial and independent audit report, as required by the Polish law.

Signatures of all Management Board Members

date	20.08.2009	Maciej Bardan	President of the Management Board	....
date	20.08.2009	Umberto Arts	Vice President of the Management Board	....
date	20.08.2009	Lidia Jabłonowska - Luba	Vice President of the Management Board	....
date	20.08.2009	Krzysztof Kokot	Vice President of the Management Board	....
date	20.08.2009	Michał Oziembło	Vice President of the Management Board	....
date	20.08.2009	Gert Rammeloo	Vice President of the Management Board	....

Independent Auditors' Review Report on the Interim Condensed Financial Statements for the six month period ended 30 June 2009

To the Supervisory Board of Kredyt Bank S.A.

1. We have reviewed the attached interim condensed financial statements of Kredyt Bank S.A. ('the Bank') located at Kasprzaka 2/8 in Warsaw, including:
   - the interim income statement for the period from 1 January 2009 to 30 June 2009 with a net profit amounting to 67.748 thousand zlotys,
   - the interim statement of comprehensive income for the period from 1 January 2009 to 30 June 2009 with a total comprehensive loss amounting to 39.926 thousand zlotys,
   - the interim statement of financial position as of 30 June 2009 with total assets amounting to 40.938.450 thousand zlotys,
   - the interim statement of changes in equity for the period from 1 January 2009 to 30 June 2009 with a net decrease of equity amounting to 39.926 thousand zlotys,
   - the interim statement of cash flow for the period from 1 January 2009 to 30 June 2009 with a net cash inflow amounting to 1.099.612 thousand zlotys and
   - the interim condensed explanatory notes

('the attached interim condensed financial statements').

2. The truth and fairness[1] of the attached interim condensed financial statements prepared in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ('IAS 34') and the proper maintenance of the accounting records are the responsibility of the Bank's Management Board. Our responsibility is to issue a report on these financial statements based on our review.

3. We conducted our review in accordance with the provisions of the law binding in Poland and auditing standards issued by the National Council of Statutory Auditors. These standards require that we plan and perform our review in such a way as to obtain moderate assurance as to whether the financial statements are free of material misstatement. The review was mainly based on applying analytical procedures to the financial data, review of accounting records and discussions with the management of the Bank as well as its employees. The scope of work[2] of a review differs significantly from an audit of financial statements, the objective of which is to express an opinion on the truth and fairness[3] of the financial statements. Review provides less assurance than audit. We have not performed an audit of the attached interim condensed financial statements and, accordingly, do not express an audit opinion.

1 Translation of the following expression in Polish language: "prawidłowość, *rzetelność i jasność*"

2 In Polish language two expressions are used ("*zakres i metoda")* that in English language translation are covered by one expression "the scope of work"

3 Translation of the following expression in Polish language: "*prawidłowo*, *rzetelnie i jasno*"

4. Our review did not reveal the need to make material changes for the attached interim condensed financial statements to present truly and fairly[4] in all material respects the financial position of the Bank as at 30 June 2009 and the financial result, for the six months ended 30 June 2009 in accordance with IAS 34.

	on behalf of
	Ernst & Young Audit sp. z o.o.
Certified Auditor	Rondo ONZ 1, 00-124 Warsaw
Registration No. 9667	Registration No. 130
	Witold Czyż
Dorota Snarska – Kuman	Certified Auditor
	Registration No. 90094

Warsaw, 20 August 2009

4 Translation of the following expression in Polish language: "*rzetelny, prawidłowy i jasny*"

Interim Condensed Financial Statements of Kredyt Bank S.A. for the First Half of 2009 Ended on 30.06.2009

Contents

1. Income Statement

in PLN '000'	**01.01-30.06.2009** non-audited	**01.01-30.06.2008** non-audited
Interest income	1 077 323	959 220
Interest expense	-670 898	-549 881
Net interest income	**406 425**	**409 339**
Fee and commission income	193 337	180 078
Fee and commission expense	-58 926	-40 688
Net fee and commission income	**134 411**	**139 390**
Dividend income	120 759	9 666
Net trading income	84 153	101 524
Net result on derivatives used as hedging instruments and hedged items	87	-2 874
Net gains from investment activities	4 513	230
Other operating income	33 758	22 039
Total operating income	**784 106**	**679 314**
Bank's general and administrative expenses	-434 171	-436 014
Net impairment losses on financial assets, other assets and provisions	-278 293	-33 427
Other operating expenses	-16 919	-18 228
Total operating expenses	**-729 383**	**-487 669**
Profit before tax	**54 723**	**191 645**
Income tax expense	13 025	-38 535
Net profit	**67 748**	**153 110**
Weighted average number of ordinary shares	**271 658 880**	**271 658 880**
Earnings per share per the Bank's shareholders (in PLN per share)	**0.25**	**0.56**

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

2. Statement of Comprehensive Income

in PLN '000'	01.01.2009 - 30.06.2009	Comparable data 01.01.2008 - 30.06.2008
Net profit/loss for the period	**67 748**	**153 110**
Valuation of financial assets available-for-sale (including deferred tax)	-34 607	-50 826
Effects of valuation of derivatives designated for cash flow hedge (including deferred tax)	-73 067	-43 307
Other comprehensive income recognized directly in equity	**-107 674**	**-94 133**
Total comprehensive income for the period	**-39 926**	**58 977**
including:		
attributable to the Shareholders of the Bank	**-39 926**	**58 977**

3. Balance Sheet

Assets in PLN '000'	30.06.2009 non-audited	31.12.2008	30.06.2008 non-audited
Cash and balances with Central Bank	1 757 654	827 956	1 365 371
Gross loans and advances to banks	499 108	340 859	985 910
Impairment losses on loans and advances to banks	-2 260	-2 261	-2 260
Receivables arising from repurchase transactions	7 001	0	12 523
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	2 508 331	1 347 027	965 512
Derivatives including:	1 125 105	2 302 799	838 843
- derivatives used as hedging instruments	66 014	166 954	5 658
Gross loans and advances to customers	29 101 959	27 853 155	20 360 302
Impairment losses on loans and advances to customers	-1 069 644	-927 457	-837 417
Investment securities:	6 239 762	6 232 624	5 680 030
- available-for-sale	4 334 406	4 359 740	3 925 222
- held-to-maturity	1 905 356	1 872 884	1 754 808
Investments in subsidiaries and jointly controlled entities	66 000	66 075	66 060
Property, plant and equipment	368 094	398 201	383 805
Intangible assets	53 930	57 854	60 002
Deferred tax assets	159 547	44 509	122 445
Other assets	123 863	79 781	92 555
Total assets	**40 938 450**	**38 621 122**	**30 093 681**

Liabilities in PLN '000'	30.06.2009 non-audited	31.12.2008	30.06.2008 non-audited
Amounts due to Central Bank	2 660 640	1 113 275	1 590
Amounts due to banks	11 120 518	11 915 013	7 057 731
Derivatives including:	1 036 593	1 890 221	787 484
- derivatives used as hedging instruments	2 368	1 708	57 832
Amounts due to customers	22 469 455	20 555 309	19 498 603
Liabilities arising from repurchase transactions	0	8 991	0
Current tax liability	46 962	28 916	6 540
Provisions	49 759	30 379	66 918
Other liabilities	165 277	220 155	314 445
Subordinated liabilities	849 952	279 643	208 800
Total liabilities	**38 399 156**	**36 041 902**	**27 942 111**

Equity in PLN '000'	30.06.2009 non-audited	31.12.2008	30.06.2008 non-audited
Share capital	1 358 294	1 358 294	1 358 294
Supplementary capital	782 046	580 974	580 974
Revaluation reserve	-9 736	97 938	-181 750
Reserves	340 942	240 942	240 942
Current net profit attributable to the Shareholders of the Bank	67 748	301 072	153 110
Total equity	**2 539 294**	**2 579 220**	**2 151 570**
Total equity and liabilities	**40 938 450**	**38 621 122**	**30 093 681**
Capital adequacy ratio (%)	**11.06**	**8.93**	**9.92**

4. Off-balance Sheet Items

in PLN '000'	30.06.2009 non-audited	31.12.2008	30.06.2008 non-audited
Liabilities granted and received			
Liabilities granted:	**5 942 821**	**7 222 060**	**6 595 660**
- financial	4 068 165	5 401 454	5 272 770
- guarantees	1 874 656	1 820 606	1 322 890
Liabilities received:	**1 404 799**	**1 836 299**	**1 589 571**
- financial	7 512	528 748	479 175
- guarantees	1 397 287	1 307 551	1 110 396
Liabilities related to the sale/purchase transactions	**146 723 571**	**279 092 521**	**295 127 547**
Other	**6 056 165**	**4 742 296**	**3 945 378**
- collateral received	6 056 165	4 742 296	3 945 378

Balance sheet and off-balance-sheet items should be analyzed jointly with notes which form an integral part of the condensed interim financial statements

5. Statement of Changes in Equity

Changes in the period 01.01. - 30.06.2009 *(non-audited)*

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (losses)	Net profit/loss for the period	Total equity
Equity at opening balance – as of 01.01.2009	**1 358 294**	**580 974**	**97 938**	**240 942**	**301 072**	**0**	**2 579 220**
Valuation of financial assets available-for-sale			-42 725				-42 725
Effects of valuation of derivatives designated for cash flow hedge			-90 206				-90 206
Deferred tax on items recognized in equity			25 257				25 257
Net profit/loss recognized directly in the equity			**-107 674**				**-107 674**
Net profit/loss for the period						67 748	67 748
Total of recognized income and expenses			**-107 674**			**67 748**	**-39 926**
Profit allowance		201 072		100 000	-301 072		0
Equity at end of period – as of 30.06.2009	**1 358 294**	**782 046**	**-9 736**	**340 942**	**0**	**67 748**	**2 539 294**

Statement of changes in equity should be analyzed jointly with notes which form an integral part of the condensed interim financial statements

Changes in the period 01.01. - 31.12.2008

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (losses)	Net profit/loss for the period	Total equity
Equity at opening balance – as of 01.01.2008	**1 358 294**	**381 718**	**-87 617**	**180 942**	**400 519**	**0**	**2 233 856**
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
Net profit/loss recognized directly in the equity			**185 555**				**185 555**
Net profit/loss for the period						301 072	301 072
Total of recognized income and expenses			**185 555**			**301 072**	**486 627**
Profit allowance		199 256		60 000	-259 256		0
Dividends					-141 263		-141 263
Equity at end of period – as of 31.12.2008	**1 358 294**	**580 974**	**97 938**	**240 942**	**0**	**301 072**	**2 579 220**

Statement of changes in equity should be analyzed jointly with notes which form an integral part of the condensed interim financial statements

Changes in the period 01.01. - 30.06.2008 *(non-audited)*

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (losses)	Net profit/loss for the period	Total equity
Equity at opening balance – as of 01.01.2008	**1 358 294**	**381 718**	**-87 617**	**180 942**	**400 519**	**0**	**2 233 856**
Valuation of financial assets available-for-sale			-62 749				-62 749
Effects of valuation of derivatives designated for cash flow hedge			-53 465				-53 465
Deferred tax on items recognized in equity			22 081				22 081
Net profit/loss recognized directly in the equity			**-94 133**				**-94 133**
Net profit/loss for the period						153 110	153 110
Total of recognized income and expenses			**-94 133**			**153 110**	**58 977**
Profit allowance		199 256		60 000	-259 256		0
Cash designated for the payment of dividend					-141 263		-141 263
Equity at end of period – as of 30.06.2008	**1 358 294**	**580 974**	**-181 750**	**240 942**	**0**	**153 110**	**2 151 570**

6. Cash Flow Statement

in PLN '000'	01.01-30.06.2009 non-audited	01.01-30.06.2008 non-audited
Cash flow from operating activities		
Net profit	**67 748**	**153 110**
Adjustments to net profit and net cash from operating activities:	**167 432**	**-1 275 520**
Current and deferred tax recognized in financial result	-13 025	38 535
Non-realised profit (loss) from currency translation differences	-33 842	5 199
Investing and financing activities	**36 102**	**-22 453**
Depreciation	49 419	40 444
Net increase/decrease in impairment	143 999	-2 697
Dividends	-120 759	-9 666
Interest	-52 118	-9 750
Net increase/decrease in provisions	19 380	-38 806
Profit (loss) on disposal of investments	-3 819	-1 978
Net increase/decrease in operating assets (excluding cash)	**-1 432 364**	**-3 571 341**
Net increase/decrease in gross loans and advances to banks	11 665	-22 336
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	-81 714	-843 568
Net increase/decrease in receivables arising from repurchase transactions	-7 001	0
Net increase/decrease in gross loans and advances to customers	-1 248 803	-2 622 250
Paid income tax	-77 625	-15 557
Net increase/decrease in other assets	-28 886	-67 630
Net increase/decrease in operating liabilities	**1 610 561**	**2 274 540**
Net increase/decrease in amounts due to Central Bank	1 547 365	-1 100 071
Net increase/decrease in amounts due to banks	-955 887	865 498
Net increase/decrease in derivatives	-854 288	299 460
Net increase/decrease in amounts due to customers	1 914 146	2 317 872
Net increase/decrease in liabilities arising from repurchase transactions	-8 991	-50 126
Net increase/decrease in other liabilities	-31 784	-58 093
Net cash flow from operating activities	**235 180**	**-1 122 410**
Cash flow from investing activities		
Inflows	**3 142 116**	**540 098**
Disposal of property, plant and equipment and intangible assets	0	20
Disposal of investment securities	2 874 658	416 771
Dividends	120 759	9 666
Interest received	146 699	113 641

in PLN '000'	**01.01-30.06.2009** non-audited	**01.01-30.06.2008** non-audited
Outflows	**-2 923 498**	**-820 537**
Acquisition of property, plant and equipment and intangible assets	-22 284	-101 132
Acquisition of investment securities	-2 901 214	-719 405
Net cash flow from investing activities	**218 618**	**-280 439**
Cash flow from financing activities		
Inflows	**1 960 652**	**1 125 278**
Proceeds from a subordinated loan	571 681	209 580
Proceeds from loans and advances	1 388 971	915 698
Outflows	**-1 314 838**	**-461 505**
Repayment of subordinated liabilities	0	-375 045
Repayment of loans and advances	-1 200 000	0
Other financial outflows	-114 838	-86 460
Net cash flow from financing activities	**645 814**	**663 773**
Net increase/decrease in cash	**1 099 612**	**-739 076**
Cash at the beginning of the period	**961 231**	**2 689 893**
Cash at the end of the period, including:	**2 060 843**	**1 950 817**
restricted cash	948 377	688 368

7. Basis of preparation

Under Article 45 clause 1c of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2002, No. 76, item 694) as amended (‘the Act’) and by virtue of the decision by the General Meeting of Shareholders of Kredyt Bank S.A. of 25.04.2005, starting from 01.01.2005, standalone financial statements of Kredyt Bank S.A. (‘Bank’) have been prepared in compliance with the International Accounting Standards (‘IAS’) and the International Financial Reporting Standards (‘IFRS’) that were approved by the European Union (‘EU’).

The condensed financial statements of Kredyt Bank S.A. for the first half of 2009 ended on 30.06.2009 have been prepared in accordance with par. 83 clauses 3 and 4 of the Ordinance of the Minister of Finance of 19.02.2009 on current and interim information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2009, No. 33, item 259) and in accordance with IAS 34 *Interim Financial Reporting*.

These interim condensed financial statements of the Bank were approved for publication by the Management Board of Kredyt Bank S.A. on 20.08.2009.

These financial statements were reviewed by Ernst & Young Audit Sp. z o.o., an independent licensed certified auditor. The review was performed in accordance with the Polish law and the certified auditors’ professional standards issued by the National Council of Auditors in Poland.

These interim condensed financial statements have been presented in Polish zloty (‘PLN’), and all values, if not stated otherwise, are presented in thousands.

These interim condensed financial statements were prepared based on the assumption that the Bank would remain going concern in the foreseeable future. As at the approval date of these financial statements, there are no circumstances which could threaten the continuation of the business of the Bank.

These interim condensed financial statements of the Bank do not cover all information and disclosures required in the annual financial statements and should be read jointly with the financial statements of the Bank for the year ended on 31 December 2008.

8. Description of applied accounting principles and material accounting estimates

The description of chief accounting principles and material accounting estimates applied in the Bank is identical to the description presented in Notes 9 and 10 in the interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2009.

9. Segment reporting

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 involves 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 Bank's operating activities were divided into four basic segments: retail, corporate, consumer finance, treasury. The Bank's operations are not diversified in geographical terms. Operations are focused on the Polish market; the main customer base is composed of national natural and legal persons and foreign customers operating on the Polish market

Retail Segment

Retail Segment, in management terms, incorporates products targeted at individual customers (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 offices 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 the traditional products, such as loans, deposits, settlement services, treasury, the customers from this segment are offered specific 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 to companies in respect of 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 and dividends received from this company.

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. 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'.

Additional clarifications

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

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 an 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 consists of:

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

Bank's general expenses – the Bank allocates the costs on the basis of direct costs accounting and statistical key figures applied in own management system. 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.

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

Loans and advances to customers – gross loans and advances to customers, excluding interest receivables.

Loans and advances to banks – gross loans and advances to banks, excluding interest receivables. The category is presented in the treasury segment.

Securities – this category is presented in the result of the treasury segment, includes debt securities and securities with the right to equity.

Other – this category includes all other assets not presented above.

Bank's net profit for the first half of 2009 by business segments (breakdown according to management reporting) *(non-audited)*

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**227 650**	**131 159**	**99 778**	**-12 479**	**-4 196**	**441 912**
- lending activities	162 064	131 159	66 978		-4 248	355 953
- depositing activities	72 264		35 220		52	107 536
- the cost of financing cash kept in the Bank's branches	-6 678		-2 420	9 098		0
Net commission income and other net income	**89 669**	**-5 621**	**49 879**	**0**	**9 047**	**142 974**
- commissions related to the keeping of accounts and transactions	53 076		11 292		550	64 918
- commissions related to cards	31 080	476	729			32 285
- commissions related to shares in investment funds societies	10 005		193		1	10 199
- commissions related to insurance products	13 681		1		13	13 695
- commissions related to foreign transactions	4 100		5 144		777	10 021
- other	-22 273	-6 097	32 520		7 706	11 856
Net income from treasury transactions	**30 276**	**0**	**16 776**	**64 964**	**-1 722**	**110 294**
- exchange transactions	30 181		13 995	46 180	226	90 582
- derivatives and securities	95		2 781	18 784	-1 948	19 712
Net gains from investment activities		**111 664***		**515**	**13 093**	**125 272**
Operating income before tax	**347 595**	**237 202**	**166 433**	**53 000**	**16 222**	**820 452**
Net impairment losses on financial assets, other assets and provisions	**-27 459**	**-162 304**	**-137 628**	**0**	**-4 167**	**-331 558**
Bank's general and administrative expenses, including:	**-350 918**	**-15 524**	**-48 912**	**-18 817**	**0**	**-434 171**
- the costs of the operation of business functions (direct costs)	-229 356	-13 460	-31 968	-12 299	-147 088	-434 171
- allocated expenses	-121 562	-2 064	-16 944	-6 518	147 088	0
Net operating income	**-30 782**	**59 374**	**-20 107**	**34 183**	**12 055**	**54 723**
Income tax expense						13 025
Net profit/loss						**67 748**

*dividend from Żagiel S.A.

Bank's net profit for the first half of 2008 by business segments (breakdown according to management reporting) *(non-audited)*

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**214 441**	**82 514**	**88 408**	**46 501**	**-8 790**	**423 074**
- lending activities	110 783	82 514	56 875		-8 671	241 501
- depositing activities	112 584		34 532		-104	147 012
- the cost of financing cash kept in the Bank's branches	-8 926		-2 999	11 940	-15	0
Net commission income and other net income	**100 465**	**4 073**	**31 727**	**0**	**-6 799**	**129 466**
- commissions related to the keeping of accounts and transactions	50 737		12 156		403	63 296
- commissions related to cards	31 873	5 131	862			37 866
- commissions related to shares in investment funds societies	13 147		121			13 268
- commissions related to insurance products	8 901					8 901
- commissions related to foreign transactions	4 447		5 296		656	10 399
- other	-8 640	-1 058	13 292		-7 858	-4 264
Net income from treasury transactions	**53 665**	**0**	**21 952**	**28 959**	**-5 926**	**98 650**
- exchange transactions	53 097		10 804	23 335	-1 481	85 755
- derivatives and securities	568		11 148	5 624	-4 445	12 895
Net gains from investment activities					**9 896**	**9 896**
Operating income before tax	**368 571**	**86 587**	**142 087**	**75 460**	**-11 619**	**661 086**
Net impairment losses on financial assets, other assets and provisions	**10 221**	**-67 154**	**-17 048**	**0**	**40 554**	**-33 427**
Bank's general and administrative expenses, including:	**-357 534**	**-18 203**	**-42 034**	**-18 243**	**0**	**-436 014**
- the costs of the operation of business functions (direct costs)	-265 431	-8 798	-31 206	-13 543	-117 036	-436 014
- allocated expenses	-92 103	-9 405	-10 828	-4 700	117 036	0
Net operating income	**21 258**	**1 230**	**83 005**	**57 217**	**28 935**	**191 645**
Income tax expense						-38 535
Net profit/loss						**153 110**

The allocation of assets by business segments as at 30.06.2009 *(non-audited)*

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Gross loans and advances to customers	16 788 815	2 932 396	9 291 384	0	0	29 012 595
Gross loans and advances to banks	0	0	0	497 259	0	497 259
Securities	0	0	0	8 748 093	0	8 748 093
Other	0	0	0	1 125 105	1 555 398	2 680 503
Total	**16 788 815**	**2 932 396**	**9 291 384**	**10 370 457**	**1 555 398**	**40 938 450**

The allocation of assets by business segments as at 31.12.2008

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Gross loans and advances to customers	15 327 237	3 010 084	9 370 240	0	0	27 707 561
Gross loans and advances to banks	0	0	0	338 728	0	338 728
Securities	0	0	0	7 579 651	0	7 579 651
Other	0	0	**0**	2 302 799	692 383	2 995 182
Total	**15 327 237**	**3 010 084**	**9 370 240**	**10 221 178**	**692 383**	**38 621 122**

The allocation of assets by business segments as at 30.06.2008 *(non-audited)*

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Gross loans and advances to customers	9 882 628	2 258 990	8 116 754	0	0	20 258 372
Gross loans and advances to banks	0	0	0	973 306	0	973 306
Securities	0	0	0	6 645 542	0	6 645 542
Other	0	0	0	838 843	1 377 618	2 216 461
Total	**9 882 628**	**2 258 990**	**8 116 754**	**8 457 691**	**1 377 618**	**30 093 681**

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

in PLN '000'	**01.01.2009-30.06.2009**
Net interest income – management information	**441 912**
- commissions on loans	24 733
+ operating expenses (interest on finance lease)	-1 221
+ operating income (the collection of statutory interest)	6 175
+ commissions related to foreign transactions	377
+ adjustment of the accrual of interest based on net investments	-17 025
+ other	940
Net interest income – financial statements	**406 425**
Net commission income and other net income – management information	**142 974**
+ commissions on loans	24 733
- reversal of provisions related to the sale of debt	10 186
- operating expenses (interest on finance lease)	-1 221
- operating income (the collection of statutory interest)	6 175
- commissions related to foreign transactions	377
- other	940
Net commission income and other income – financial statements – presented as:	**151 250**
Net fee and commission income	134 411
Other operating income	33 758
Other operating expenses	-16 919
Net income from treasury transactions – management information	**110 294**
+ provision for potential losses related to active derivatives	-26 054
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**84 240**
Net trading income	84 153
Net result on derivatives used as hedging instruments and hedged items	87
Operating income before tax – management information	**820 452**
+ provision for potential losses related to active derivatives	-26 054
+ adjustment of the accrual of interest based on net investments	-17 025
- reversal of provisions related to the sale of debt	10 186
Operating income before tax – financial statements – presented as:	**767 187**
Total operating income	784 106
Other operating expenses	-16 919

Net impairment losses on financial assets, other assets and provisions – management information	**-331 558**
- provision for potential losses related to active derivatives	-26 054
- adjustment of the accrual of interest based on net investments	-17 025
+ reversal of provisions related to the sale of debt	10 186
Net impairment losses on financial assets, other assets and provisions – financial statements	**-278 293**

in PLN '000'	**01.01.2008-30.06.2008**
Net interest income – management information	**423 074**
- commissions on loans	19 322
+ operating expenses (interest on finance lease)	-1 732
+ operating income (the collection of statutory interest)	7 707
+ commissions related to foreign transactions	542
+ other	-930
Net interest income – financial statements	**409 339**
Net commission income and other net income – management information	**129 466**
+ commissions on loans	19 322
- operating expenses (interest on finance lease)	-1 732
- operating income (the collection of statutory interest)	7 707
- commissions related to foreign transactions	542
- other	-930
Net commission income and other income – financial statements – presented as:	**143 201**
Net fee and commission income	139 390
Other operating income	22 039
Other operating expenses	-18 228
Net income from treasury transactions – management information	**98 650**
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**98 650**
Net trading income	101 524
Net result on derivatives used as hedging instruments and hedged items	-2 874
Operating income before tax – management information	**661 086**
Operating income before tax – financial statements – presented as:	**661 086**
Total operating income	679 314
Other operating expenses	-18 228

in PLN '000'	Management information	Interest	Financial statements
30.06.2009			
Loans and advances to customers	29 012 595	89 364	29 101 959
Loans and advances to banks	497 259	1 849	499 108
31.12.2008			
Loans and advances to customers	27 707 561	145 594	27 853 155
Loans and advances to banks	338 728	2 131	340 859
30.06.2008			
Loans and advances to customers	20 258 372	101 930	20 360 302
Loans and advances to banks	973 306	12 604	985 910

in PLN '000'	**30.06.2009**
Securities – management information	**8 748 093**
Securities – financial statements – presented as:	**8 748 093**
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	2 508 331
Investment securities	6 239 762

	31.12.2008
Securities – management information	**7 579 651**
Securities – financial statements – presented as:	**7 579 651**
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 347 027
Investment securities	6 232 624

	30.06.2008
Securities – management information	**6 645 542**
Securities – financial statements – presented as:	**6 645 542**
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	965 512
Investment securities	5 680 030

10. Related party transactions

Significant non-standard related party transactions whose nature and terms were not related to current operations have been described in Note 35 of the interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2009.

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

As at 30.06.2009 (figures in PLN ‘000’)

non-audited

Assets	**Subsidiaries**	**Parent company - KBC Bank NV**	**KBC Group (without KBC Bank NV)***	**Total as at 30.06.2009** non-audited
Loans and advances to banks	0	226 620	3 554	230 174
Derivatives	0	227 364	25 035	252 399
Loans and advances to customers	477 001	0	205 681	682 682
Other assets	11 017	0	11 194	22 211
Total assets	**488 018**	**453 984**	**245 464**	**1 187 466**

* Including WARTA Group

Liabilities	**Subsidiaries**	**Parent company - KBC Bank NV**	**KBC Group (without KBC Bank NV)***	**Total as at 30.06.2009** non-audited
Amounts due to banks	0	5 469 180	5 386 176	10 855 356
Derivatives	0	331 705	3 629	335 334
Amounts due to customers	98 962	0	1 935 493	2 034 455
Subordinated liabilities	0	849 952	0	849 952
Other liabilities	18 769	1 406	3 672	23 847
Total liabilities	**117 731**	**6 652 243**	**7 328 970**	**14 098 944**

* Including WARTA Group

Off-balance Sheet Items	**Subsidiaries**	**Parent company - KBC Bank NV**	**KBC Group (without KBC Bank NV)***	**Total as at 30.06.2009** non-audited
Granted financing liabilities	40 127	0	125 058	165 185
Guarantees granted	1 756	50 345	17 538	69 639
Guarantees received	0	1 212 485	59 151	1 271 636
Derivatives	0	31 230 426	1 914 302	33 144 728
Collateral received	84 022	0	0	84 022
Total off-balance sheet items	**125 905**	**32 493 256**	**2 116 049**	**34 735 210**

* Including WARTA Group

Income	**Subsidiaries**	**Parent company - KBC Bank NV**	**KBC Group (without KBC Bank NV)***	**Total for the first half of 2009** non-audited
Interest income	6 402	23 587	6 424	36 413
Commission income	7	104	12 770	12 881
Net trading income	262	-117 286	-23 717	-140 741
Other operating income	595	10	2 233	2 838
Total income	**7 266**	**-93 585**	**-2 290**	**-88 609**

* Including WARTA Group

Expenses	**Subsidiaries**	**Parent company - KBC Bank NV**	**KBC Group (without KBC Bank NV)***	**Total for the first half of 2009** non-audited
Interest expense	7 073	58 143	107 083	172 299
Commission expense	0	99	-8 803	-8 704
General and administrative expenses	8 733	2 176	9 002	19 911
Total expenses	**15 806**	**60 418**	**107 282**	**183 506**

* Including WARTA Group

As at 31.12.2008 (figures in PLN ‘000’)

Assets	**Subsidiaries**	**Parent company - KBC Bank NV**	**KBC Group (without KBC Bank NV)***	**Total as at 31.12.2008**
Loans and advances to banks	0	133 134	12 315	145 449
Financial assets at fair value through profit or loss	46 772	0	0	46 772
Derivatives	0	408 908	25 828	434 736
Loans and advances to customers	516 399	0	175 000	691 399
Other assets	3 483	2	7 623	11 108
Total assets	**566 654**	**542 044**	**220 766**	**1 329 464**

* Including WARTA Group

Liabilities	**Subsidiaries**	**Parent company - KBC Bank NV**	**KBC Group (without KBC Bank NV)***	**Total as at 31.12.2008**
Amounts due to banks	0	4 425 478	7 320 840	11 746 318
Derivatives	0	641 476	40 122	681 598
Amounts due to customers	279 943	0	2 697 594	2 977 537
Subordinated liabilities	0	279 643	0	279 643
Other liabilities	22 381	1 439	5 106	28 926
Total liabilities	**302 324**	**5 348 036**	**10 063 662**	**15 714 022**

* Including WARTA Group

Off-balance Sheet Items	Subsidiaries	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.12.2008
Granted financing liabilities	11 805	0	156 040	167 845
Received financing liabilities	7 000	418 306	300	425 606
Guarantees granted	1 747	47 671	20 365	69 783
Guarantees received	0	1 176 891	51 857	1 228 748
Derivatives	0	42 742 638	1 777 173	44 519 811
Collateral received	84 022	0	0	84 022
Total off-balance sheet items	**104 574**	**44 385 506**	**2 005 735**	**46 495 815**

* Including WARTA Group

Income	Subsidiaries	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for 2008
Interest income	18 784	24 782	23 319	66 885
Commission income	703	86	26 342	27 131
Net trading income	-586	-185 883	-44 385	-230 854
Other operating income	1 016	123	4 665	5 804
Total income	**19 917**	**-160 892**	**9 941**	**-131 034**

* Including WARTA Group

Expenses	Subsidiaries	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for 2008
Interest expense	5 861	197 283	183 568	386 712
Commission expense	0	411	-10 510	-10 099
General and administrative expenses	23 464	5 213	18 964	47 641
Other operating expenses	3 257	0	0	3 257
Total expenses	**32 582**	**202 907**	**192 022**	**427 511**

* Including WARTA Group

As at 30.06.2008 (figures in PLN '000')

non-audited

Assets	Subsidiaries	Parent company - KBC Bank N.V.	KBC Group (without KBC Bank NV)*	Total as at 30.06.2008 non-audited
Loans and advances to banks	0	81 568	181 005	262 573
Derivatives	0	104 904	4 402	109 306
Loans and advances to customers	488 361	0	180 399	668 760
Other assets	13 625	137	6 900	20 662
Total assets	**501 986**	**186 609**	**372 706**	**1 061 301**

* Including WARTA Group

Liabilities	Subsidiaries	Parent company - KBC Bank N.V.	KBC Group (without KBC Bank NV)*	Total as at 30.06.2008 non-audited
Amounts due to banks	0	3 787 806	1 578 260	5 366 066
Derivatives	0	152 782	578	153 360
Amounts due to customers	159 838	0	1 408 071	1 567 909
Subordinated liabilities	0	208 800	0	208 800
Other liabilities	30 650	1 081	3 024	34 755
Total liabilities	**190 488**	**4 150 469**	**2 989 933**	**7 330 890**

* Including WARTA Group

Off-balance Sheet Items	Subsidiaries	Parent company - KBC Bank N.V	KBC Group (without KBC Bank NV)*	Total as at 30.06.2008 non-audited
Granted financing liabilities	24 654	0	159 488	184 142
Guarantees granted	2 121	3 720	15 936	21 777
Guarantees received	0	997 447	35 974	1 033 421
Derivatives	0	23 141 050	680 734	23 821 784
Collateral received	84 022	0	0	84 022
Total off-balance sheet items	**110 797**	**24 142 217**	**892 132**	**25 145 146**

* Including WARTA Group

Income	Subsidiaries	Parent company - KBC Bank N.V.	KBC Group (without KBC Bank NV)*	Total for the first half of 2008 non-audited
Interest income	8 422	11 570	15 302	35 294
Commission income	6	27	13 398	13 431
Net trading income	-391	24 676	-2 768	21 517
Other operating income	527	115	2 075	2 717
Total income	**8 564**	**36 388**	**28 007**	**72 959**

* Including WARTA Group

Expenses	Subsidiaries	Parent company - KBC Bank N.V.	KBC Group (without KBC Bank NV)*	Total for the first half of 2008 non-audited
Interest expense	3 120	93 219	41 651	137 990
Commission expense	0	43	-4 281	-4 238
General and administrative expenses	11 729	1 992	4 023	17 744
Other operating expenses	2 062	0	0	2 062
Total expenses	**16 911**	**95 254**	**41 393**	**153 558**

* Including WARTA Group

11. Capital adequacy ratio

Capital adequacy ratio was calculated as required by the regulations of the Polish Financial Supervision Authority in force as at 30.06.2009, 31.12.2008 and 30.06.2008 respectively.

in PLN '000'	**30.06.2009** non-audited	**Comparable data 31.12.2008**	**Comparable data 30.06.2008** non-audited
Capital requirement, including:	**2 390 163**	**2 406 558**	**1 869 276**
- credit risk, including counterparty credit risk	2 176 922	2 185 346	1 619 526
- market risk	39 797	44 308	72 846
- operational risk	173 444	176 904	176 904
Own funds and short-term capital	**3 305 442**	**2 685 077**	**2 318 352**
Basic capitals	**3 237 694**	**2 386 236**	**2 213 446**
- share capital	1 358 294	1 358 294	1 358 294
- supplementary capital	782 046	580 974	580 974
- revaluation reserve included in equity	-31 340	-6 121	-106 062
- other reserves	340 942	240 942	240 942
- subordinated liabilities included in equity	851 821	280 140	209 070
- shares in financial entities	-10 139	-10 139	-10 139
- intangible assets*	-53 930	-57 854	-59 633
Supplementary funds	**67 748**	**298 841**	**104 906**
- retained earnings (loss)	0	0	0
- short-term capital	67 748	145 731	104 906
- net profit included in the calculation of capital adequacy ratio	0	153 110	0
Capital adequacy ratio (%)	**11.06**	**8.93**	**9.92**

* Except for intangible assets used under contracts of finance lease

Below, we present the following information concerning the compliance with capital requirements:

1) Amounts accounting for 8% of risk weighted exposures separately for each class of exposure defined in § 20 clause 1 of Annex No. 4 to the Resolution by the Polish Financial Supervision Authority No. 380/2008 concerning the capital adequacy of banks

in PLN '000'	**30.06.2009** non-audited	**Comparable data 31.12.2008**	**Comparable data 30.06.2008** non-audited
The amount of the capital requirement for credit risk*, including counterparty credit risk:	**2 176 922**	**2 185 346**	**1 619 526**
- central governments and central banks	0	0	0
- regional governments and local authorities	4 267	5 333	5 511
- administrative bodies and non-commercial undertakings	8 989	10 282	7 016
- multilateral development banks	0	0	0
- international organisations	0	0	0
- institutions – banks	95 629	96 864	86 747
- corporates	627 264	719 799	655 487
- retail	761 546	822 357	536 478
- secured by real estate property	603 221	471 463	274 746
- past due items	31 802	15 709	10 256
- exposures belonging to regulatory high-risk categories	221	221	220
- covered bonds	0	0	0
- securitisation positions	0	0	0
- short-term exposures to banks and corporates	0	0	0
- in collective investment undertakings	0	0	0
- other exposures	43 983	43 318	43 065

* estimated on the basis of the Standardized Approach

2) The amounts of minimum capital requirements referred to in § 6 clause 1 items 2-5 of the Resolution by the Polish Financial Supervision Authority No. 380/2008 concerning the capital adequacy of banks

in PLN '000'	**30.06.2009** non-audited	**Comparable data 31.12.2008**	**Comparable data 30.06.2008** non-audited
The amount of the capital requirement for credit risk, including:	**39 797**	**44 308**	**72 846**
- currency risk	0	0	3 828
- commodity price risk	0	0	0
- equity securities price risk	0	0	0
- price risk of debt instruments	0	0	19
- general interest rate risk	39 797	44 308	68 999

3) The amounts of minimum capital requirements referred to in § 6 clause 1 item 6 of the Resolution by the Polish Financial Supervision Authority No. 380/2008 concerning the capital adequacy of banks

	Year	
Result*	2006	1 008 998
Result*	2007	1 203 075
Result*	2008	1 256 813
Ratio		15%
Capital Charge	2006	151 350
Capital Charge	2007	180 461
Capital Charge	2008	188 522
Operational risk requirement**		**173 444**

* calculated according to Annex No. 14 to Resolution No. 380/2008 of the Polish Financial Supervision Authority of 17.12.2008

** estimated on the basis of the Basic Indicator Approach (BIA)

As at 30.06.2009, 31.12.2008 and 30.06.2008, the exposure concentration limit, the large exposure limit and the capital concentration threshold were not exceeded in Kredyt Bank S.A.

In June 2009, the Bank was granted the permission by the Polish Financial Supervision Authority to include the subordinated loan of CHF 165 million in the Bank's own funds, which resulted in an increase in the capital adequacy ratio to 11.06% as at 30.06.2009.

The risk management process is strictly related to the capital management process. According to the industry standards, the amount of the internal capital is defined from the economic point of view. In consequence, the internal capital of Kredyt Bank S.A. is estimated by applying the internal capital model of KBC Group, having regard for all material types of risk and represents:

- the amount of required internal capital on the basis of the present situation;
- an additional amount, if the excess of ‘free’ internal capital, defined as the difference between available funds and the required internal capital decreases in the scenario based on three years’ forecasts of the further development of Kredyt Bank S.A. This additional amount should secure the excess of free internal capital against its full use.

12. Risk metrics underlying the calculations of the capital requirements for credit risk, including counterparty credit risk, set forth in the Banking Law

As at 30.06.2009

non-audited

Balance sheet instruments

Instrument	Carrying amount	Risk weighted value
Banking portfolio		
Cash	566 369	0
Receivables	**29 720 448**	**22 778 031**
Net loans and advances to banks (including Central Bank)	1 688 133	202 877
Net loans and advances to customers	28 032 315	22 575 154
Natural persons*	**19 211 982**	**14 509 874**
- overdraft facilities	703 754	589 891
- purchased debt	7 857	7 853
- term loans	924 092	788 194
- cash and instalment loans	3 649 005	2 784 715
- mortgages	13 904 296	10 316 245
- realised guarantees	569	569
- other receivables	22 409	22 407
Corporate customers	**8 538 426**	**7 995 336**
- overdraft facilities	1 794 155	1 771 786
- term loans	6 570 058	6 048 856
- purchased debt	160 710	160 711
- realised guarantees	2 826	3 306
- other receivables, including leasing fees	10 677	10 677
Budget	**281 907**	**69 944**
- overdraft facilities	41 327	9 357
- term loans	240 580	60 587
- purchased debt	0	0
Debt securities**	7 117 992	66 635
Other securities, shares and derivatives	137 827	100 511
Non-current assets	368 094	368 094
Intangible assets	53 930	0
Other	283 410	117 094
Total banking portfolio	**38 248 070**	**23 430 365**
Trading portfolio (counterparty risk)	**2 690 380**	**636 013**
Total balance sheet instruments	**40 938 450**	**24 066 378**

* The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.

** in the Banking Book

Off-balance-sheet instruments

Instrument	Nominal value	Balance sheet equivalent	Risk weighted value
Banking portfolio			
Interest rate derivatives	2 522 600	13 538	6 730
Currency derivatives	4 733	47	47
Credit lines	3 965 775	1 862 063	1 642 067
Guarantees granted	1 845 777	1 362 265	1 326 159
Letters of credit	102 365	51 183	49 978
Other	40 958	40 958	20 479
Total banking portfolio	**8 482 208**	**3 330 054**	**3 045 460**
Trading portfolio (counterparty risk)	**132 166 534**	**640 822**	**99 682**
Total off-balance-sheet instruments	**140 648 742**	**3 970 876**	**3 145 142**

	Risk weighted value	Capital requirement
Total exposure to credit risk, including counterparty credit risk	**27 211 520**	**2 176 922**

As at 31.12.2008 (comparable data)

Balance sheet instruments

Instrument	Carrying amount	Risk weighted value
Banking portfolio		
Cash	649 284	0
Receivables	**27 442 968**	**21 551 847**
Net loans and advances to banks (including Central Bank)	517 270	170 973
Net loans and advances to customers	26 925 698	21 380 874
Natural persons*	**17 970 866**	**13 359 784**
- overdraft facilities	625 521	516 820
- purchased debt	4 331	4 325
- term loans	895 527	763 822
- cash and instalment loans	3 627 195	2 724 925
- mortgages	12 801 969	9 333 569
- realised guarantees	551	551
- other receivables	15 772	15 772
Corporate customers	**8 606 216**	**7 935 854**
- overdraft facilities	1 839 291	1 811 835
- term loans	6 715 546	6 072 368
- purchased debt	47 031	47 031
- realised guarantees	3 682	3 682
- other receivables, including leasing fees	666	938
Budget	**348 616**	**85 236**
- overdraft facilities	4 398	2 206
- term loans	344 218	83 030
- purchased debt	0	0
Debt securities**	6 371 892	206 462
Other securities, shares and derivatives	235 091	133 122
Non-current assets	398 201	398 201
Intangible assets	57 854	0
Other	124 290	79 780
Total banking portfolio	**35 279 580**	**22 369 412**
Trading portfolio (counterparty risk)	**3 341 542**	**1 116 603**
Total balance sheet instruments	**38 621 122**	**23 486 015**

* The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.

** in the Banking Book

Off-balance-sheet instruments

Instrument	Nominal value	Balance sheet equivalent	Risk weighted value
Banking portfolio			
Interest rate derivatives	4 233 600	15 863	5 895
Currency derivatives	4 211	42	42
Credit lines	5 286 221	2 467 449	2 092 218
Guarantees granted	1 811 942	1 575 910	1 527 401
Letters of credit	108 694	54 347	54 069
Other	0	0	0
Total banking portfolio	**11 444 668**	**4 113 611**	**3 679 625**
Trading portfolio (counterparty risk)	**249 011 587**	**389 026**	**151 190**
Total off-balance-sheet instruments	**260 456 255**	**4 502 637**	**3 830 815**

	Risk weighted value	Capital requirement
Total exposure to credit risk, including counterparty credit risk	**27 316 830**	**2 185 346**

As at 30.06.2008 (comparable data)

non-audited

Balance sheet instruments

Instrument	Carrying amount	Risk weighted value
Banking portfolio		
Cash	483 919	0
Receivables	**21 387 988**	**15 877 457**
Net loans and advances to banks (including Central Bank)	1 865 103	367 101
Net loans and advances to customers	19 522 885	15 510 356
Natural persons*	**11 832 277**	**8 672 880**
- overdraft facilities	584 189	479 555
- purchased debt	4 649	4 643
- term loans	776 919	650 821
- cash and instalment loans	2 848 719	2 132 195
- mortgages	7 599 220	5 387 085
- realised guarantees	659	659
- other receivables	17 922	17 922
Corporate customers	**7 355 218**	**6 757 831**
- overdraft facilities	1 807 580	1 751 805
- term loans	5 525 630	4 984 019
- purchased debt	18 517	18 516
- realised guarantees	3 305	3 305
- other receivables, including leasing fees	186	186
Budget	**335 390**	**79 645**
- overdraft facilities	622	277
- term loans	334 768	79 368
- purchased debt	0	0
Debt securities**	5 780 622	222 078
Other securities, shares and derivatives	77 466	70 151
Non-current assets	383 805	384 174
Intangible assets	60 002	0
Other	215 000	90 427
Total banking portfolio	**28 388 802**	**16 644 287**
Trading portfolio (counterparty risk)	**1 704 880**	**344 402**
Total balance sheet instruments	**30 093 682**	**16 988 689**

* The item contains: amounts due from private persons, individual entrepreneurs, individual farmers, and non-commercial institutions providing services to households.

** in the Banking Book

Off-balance-sheet instruments

Instrument	Nominal value	Balance sheet equivalent	Risk weighted value
Banking portfolio			
Interest rate derivatives	4 163 600	18 289	6 650
Currency derivatives	7 897	79	79
Credit lines	5 207 963	2 354 520	2 107 557
Guarantees granted	1 281 759	971 460	954 190
Letters of credit	83 505	41 752	41 009
Other	9 000	9 000	1 800
Total banking portfolio	**10 753 724**	**3 395 100**	**3 111 285**
Trading portfolio (counterparty risk)	**279 356 106**	**492 907**	**144 101**
Total off-balance-sheet instruments	**290 109 830**	**3 888 007**	**3 255 386**

	Risk weighted value	Capital requirement
Total exposure to credit risk, including counterparty credit risk	**20 244 075**	**1 619 526**

13. Dividend income

In the first half of 2009, the Bank received PLN 119,162 thousand of dividend from subsidiaries consolidated with the full method and PLN 1,597 thousand from other entities.

In the first half of 2008, the Bank received PLN 9,018 thousand of dividend from subsidiaries consolidated with the full method and PLN 648 thousand from other entities.

14. Additional information

Other additional information material for the proper assessment of assets, the financial situation and the financial result of the Bank has been presented in the interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2009.

Signatures of all Management Board Members

date	20.08.2009	Maciej Bardan	President of the Management Board	....
date	20.08.2009	Umberto Arts	Vice President of the Management Board	....
date	20.08.2009	Lidia Jabłonowska - Luba	Vice President of the Management Board	....
date	20.08.2009	Krzysztof Kokot	Vice President of the Management Board	....
date	20.08.2009	Michał Oziembło	Vice President of the Management Board	....
date	20.08.2009	Gert Rammeloo	Vice President of the Management Board	....

Signature of a person responsible for keeping the accounting books

date	20.08.2008	Grzegorz Kędzior	Director of Accounting and External Reporting Department	....