Interim Consolidated Financial Statements

of Kredyt Bank S.A. Capital Group

for the First Quarter of 2009 prepared in accordance with

the International Financial Reporting Standards

Contents

1. Consolidated Income Statement

in PLN '000'	1st quarter of 2009 01.01.2009 - 31.03.2009	1st quarter of 2008 01.01.2008 - 31.03.2008
Interest income	616 979	498 365
Interest expense	-369 817	-255 156
Net interest income	**247 162**	**243 209**
Fee and commission income	99 422	89 568
Fee and commission expense	-27 047	-18 748
Net fee and commission income	**72 375**	**70 820**
Dividend income	0	0
Net trading income	67 661	45 994
Net result on derivatives used as hedging instruments and hedged items	1 146	-797
Net gains from investment activities	4 150	8
Other operating income	28 507	23 246
Total operating income	**421 001**	**382 480**
General and administrative expenses	-270 159	-248 144
Net impairment losses on financial assets, other assets and provisions	-184 317	-24 100
Other operating expenses	-13 645	-9 746
Total operating expenses	**-468 121**	**-281 990**
Net operating income	**-47 120**	**100 490**
Share of profit (loss) of associates	335	-882
Profit (loss) before tax	**-46 785**	**99 608**
Income tax expense	10 279	-24 636
Net profit (loss) from business activities	**-36 506**	**74 972**
Net profit (loss) from discontinued operations		
Net profit (loss)	**-36 506**	**74 972**
Including:		
attributable to the Shareholders of the Bank	**-36 506**	**74 972**
Weighted average number of ordinary shares	271 658 880	271 658 880
Earnings (loss) per ordinary share (in PLN)	-0.13	0.28

2. Consolidated Balance Sheet

in PLN '000'	31.03.2009	31.12.2008	31.03.2008
Assets			
Cash and balances with Central Bank	1 387 243	827 972	1 116 890
Gross loans and advances to banks	337 425	340 865	2 140 149
Impairment losses on loans and advances to banks	-2 260	-2 261	-2 260
Receivables arising from repurchase transactions	336 247	0	0
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 866 584	1 317 764	644 741
Derivatives including:	2 072 779	2 302 799	608 443
- derivatives used as hedging instruments	73 066	166 954	17 145
Gross loans and advances to customers	29 826 986	27 660 647	19 029 696
Impairment losses on loans and advances to customers	-1 059 041	-927 331	-855 775
Investment securities:	6 294 148	6 238 011	5 489 841
- available-for-sale	4 303 608	4 365 127	3 445 717
- held-to-maturity	1 990 540	1 872 884	2 044 124
Investments in associates valued using the equity method	10 466	10 131	11 292
Property, plant and equipment	409 348	421 866	401 206
Intangible assets	61 479	60 924	62 853
Goodwill on subordinated companies	36 052	36 052	36 052
Deferred tax asset	171 437	98 000	175 047
Current tax receivable	0	0	142
Investment properties	207 354	209 867	216 976
Other assets	158 671	135 370	132 368
Total assets	**42 114 918**	**38 730 676**	**29 207 661**

in PLN '000'	**31.03.2009**	**31.12.2008**	**31.03.2008**
Liabilities			
Amounts due to Central Bank	374 945	1 113 275	1 591
Amounts due to banks	13 316 388	12 125 013	6 243 513
Derivatives including:	1 700 869	1 890 221	684 008
- Derivatives used as hedging instruments	1 816	1 708	23 220
Amounts due to customers	22 199 231	20 275 366	18 586 188
Liabilities arising from repurchase transactions	1 317 003	8 991	502 009
Current tax liability	22 076	52 303	35 889
Provisions	84 331	59 474	157 828
Deferred tax liability	612	855	1 214
Other liabilities	227 193	280 022	251 603
Subordinated liabilities	384 220	279 643	387 853
Total liabilities	**39 626 868**	**36 085 163**	**26 851 696**

in PLN '000'	**31.03.2009**	**31.12.2008**	**31.03.2008**
Equity			
Share capital	1 358 294	1 358 294	1 358 294
Supplementary capital	604 966	604 966	383 711
Revaluation reserve	-23 019	97 938	-82 908
Reserves	240 942	240 942	180 942
Currency translation differences from the translation of subordinated companies	0	-733	-753
Retained earnings/loss	343 373	19 189	441 707
Current net profit (loss) attributable to the Shareholders of the Bank	-36 506	324 917	74 972
Total equity attributable to shareholders of the Bank	**2 488 050**	**2 645 513**	**2 355 965**
Minority interest	0	0	0
Total equity	**2 488 050**	**2 645 513**	**2 355 965**
Total equity and liabilities	**42 114 918**	**38 730 676**	**29 207 661**

Capital adequacy ratio (%)	8.46	8.81	9.53
Number of shares	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	9.16	9.74	8.67

3. Off-balance Sheet Items

in PLN '000'	31.03.2009	31.12.2008	31.03.2008
Contingent liabilities, granted and received			
Liabilities granted, including:	6 885 375	7 219 430	6 718 276
- financial	5 025 958	5 389 649	5 133 001
- guarantees	1 859 417	1 829 781	1 585 275
Liabilities received, including:	1 622 367	1 829 299	1 947 861
- financial	206 934	521 748	907 931
- guarantees	1 415 433	1 307 551	1 039 930
Liabilities related to the sale/purchase transactions	**210 609 229**	**279 092 521**	**282 543 109**
Other	**6 086 791**	**5 289 553**	**4 121 354**
- collateral received	6 085 247	5 288 009	4 119 810
- other	1 544	1 544	1 544

4. Statement of Changes in Consolidated Equity including the Statement of Recognized Income and Expense

Changes in the period 01.01.2009 – 31.03.2009

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings/loss	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Minority interest	Total equity
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			-76 744					-76 744		-76 744
Effects of valuation of derivatives designated for cash flow hedge			-72 586					-72 586		-72 586
Deferred tax on items recognized in equity			28 373					28 373		28 373
Net profit/loss recognized directly in the equity			**-120 957**					**-120 957**		**-120 957**
Net profit/loss for the period							-36 506	-36 506		-36 506
Total of recognized income and expenses			**-120 957**				**-36 506**	**-157 463**		**-157 463**
Other changes					733	-733				0
Equity at end of period – as of 31.03.2009	**1 358 294**	**604 966**	**-23 019**	**240 942**	**0**	**343 373**	**-36 506**	**2 488 050**	**0**	**2 488 050**

Changes in the period 01.01.2008 – 31.12.2008

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings/loss	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Minority interest	Total equity
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 – 31.03.2008

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings/loss	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Minority interest	Total equity
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			1 372					1 372		1 372
Effects of valuation of derivatives designated for cash flow hedge			4 441					4 441		4 441
Deferred tax on items recognized in equity			-1 104					-1 104		-1 104
Net profit/loss recognized directly in the equity			**4 709**					**4 709**		**4 709**
Net profit/loss for the period							74 972	74 972		74 972
Total of recognized income and expenses			**4 709**				**74 972**	**79 681**		**79 681**
Currency translation differences					-20			-20		-20
Equity at end of period – as of 31.03.2008	**1 358 294**	**383 711**	**-82 908**	**180 942**	**-753**	**441 707**	**74 972**	**2 355 965**	**0**	**2 355 965**

5. Consolidated Cash Flow Statement

in PLN '000'	1st quarter of 2009 01.01.2009 - 31.03.2009	1st quarter of 2008 01.01.2008 - 31.03.2008
Net cash flow from operating activities		
Net profit (loss)	**-36 506**	**74 972**
Adjustments to net profit (loss) and net cash from operating activities:	**464 633**	**-556 805**
Current and deferred tax recognized in financial result	-10 279	24 636
Non-realised profit (loss) from currency translation differences	-34 105	2 174
Investing and financing activities	**156 541**	**16 897**
Depreciation	28 709	23 907
Share in profit (loss) of associates	-335	882
Net increase/decrease in impairment	133 386	18 374
Dividends	0	0
Interest	-27 659	-21 587
Net increase/decrease in provisions	24 858	-3 206
Profit (loss) on disposal of investments	-2 418	-1 473
Net increase/decrease in operating assets (excluding cash)	**-2 984 746**	**-1 861 628**
Net increase/decrease in gross loans and advances to banks	-10 717	34 849
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	-404 996	-312 307
Net increase/decrease in receivables arising from repurchase transactions	-336 247	0
Net increase/decrease in gross loans and advances to customers	-2 166 339	-1 573 512
Paid income tax	-65 159	-15 158
Net increase/decrease in other assets	-1 288	4 500
Net increase/decrease in operating liabilities	**3 337 222**	**1 261 116**
Net increase/decrease in amounts due to Central Bank	-738 330	-1 100 070
Net increase/decrease in amounts due to banks	1 085 199	227 801
Net increase/decrease in derivatives	-189 459	230 596
Net increase/decrease in amounts due to customers	1 923 864	1 497 550
Net increase/decrease in liabilities arising from repurchase transactions	1 308 012	451 883
Net increase/decrease in other liabilities	-52 064	-46 644
Net cash flow from operating activities	**428 127**	**-481 833**

in PLN '000'	1st quarter of 2009 01.01.2009 - 31.03.2009	1st quarter of 2008 01.01.2008 - 31.03.2008
Net cash flow from investing activities		
Inflows	**602 200**	**113 684**
Disposal of property, plant and equipment, intangible assets and investment properties	1 041	1 288
Disposal of investment securities	533 849	51 930
Dividends	0	0
Interest received	67 310	60 466
Outflows	**-611 088**	**-80 516**
Acquisition of property, plant and equipment, intangible assets and investment properties	-17 891	-18 301
Acquisition of interests in subordinated companies	0	0
Acquisition of investment securities	-593 197	-62 215
Net cash flow from investing activities	**-8 888**	**33 168**
Cash flow from financing activities		
Inflows	**797 401**	**710 258**
Proceeds from a subordinated loan	75 000	0
Proceeds from loans and advances	722 401	710 258
Outflows	**-671 525**	**-37 747**
Dividends	0	0
Repayment of subordinated liabilities	0	0
Repayment of loans and advances	-600 000	0
Other financial outflows	-71 525	-37 747
Net cash flow from financing activities	**125 876**	**672 511**

Net increase/decrease in cash	**545 115**	**223 846**
Cash at the beginning of the period	**961 253**	**2 689 914**
Cash at the end of the period, including:	**1 506 368**	**2 913 760**
restricted cash	948 377	652 317

6. Basis of preparation

Pursuant to Article 55 Clause 6a of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2002, No. 76, item 694 with further amendments) (‘the Act’), effectively from 01.01.2005, consolidated financial statements of Kredyt Bank S.A. Capital Group (‘the Group’) have been prepared in compliance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) that were approved by the European Commission.

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

The interim consolidated financial report for the first quarter of 2009 has been prepared in line with the IAS/IFRS as in force at the date of this report. Specifically, this report has been prepared in accordance with IAS 34 Interim Financial Reporting, and matters not governed by the IFRS must comply with the Act and the provisions of the Ordinance by the Minister of Finance dated 19 February 2009 on current and interim information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2009, No. 33, item 259).

7. The Group’s financial standing at the end of the first quarter of 2009

7.1. Income Statement

Group’s net result and result before tax

The Group’s net loss in the first quarter of 2009 amounted to PLN 36,506 thousand, while net profit generated in the first quarter of 2008 amounted to PLN 74,972 thousand. The loss before tax and, as a result, the net loss in the first quarter of 2009, results chiefly from high ‘Net impairment losses on financial assets, other assets and provisions’, whose balance in the first quarter of 2009 amounted to PLN 184,317 thousand, whereas, in the first quarter of 2008, the balance amounted to PLN 24,100 thousand. Simultaneously, despite a much worse macroeconomic situation in all categories of net operating income, in the first quarter of 2009, as compared to the first quarter of 2008, an increase was recorded, which results from the consistent implementation of the Bank’s development plans. The Group’s total net operating income in the first quarter of 2009, as compared to the first quarter of 2008, increased by 9.4%, while general and administrative expenses increased by 8.9%.

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

in PLN '000'	1st quarter of 2009	1st quarter of 2008	Change (%)
Net interest income	247 162	243 209	1.6%
Net fee and commission income	72 375	70 820	2.2%
Net gains from trading and investment activities*	72 957	45 205	61.4%
Net gains from other operating income/expenses	14 862	13 500	10.1%
Share in profit (loss) of associates	335	0	
Total	**407 691**	**372 734**	9.4%
General and administrative expenses	-270 159	-248 144	8.9%
Net impairment losses on financial assets, other assets and provisions	-184 317	-24 100	664.8%
Share in losses of associates	0	-882	
Profit (loss) before tax	**-46 785**	**99 608**	
Income tax expense	10 279	-24 636	
Net profit (loss)	**-36 506**	**74 972**	

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

Net interest, fee and commission income

Net interest income generated by the Group in the first quarter of 2009 amounted to PLN 247,162 thousand, i.e. it was higher by 1.6% than the corresponding figure in the first quarter of 2008. The increase in the loans portfolio volume was the main reason for higher interest income in the first quarter of 2009 as compared to the first quarter of 2008. However, the increase in interest income (by 23.8%) was almost completely set off by the increase in interest expense (by 44.9%), which, in turn, resulted from the increase in the volume of amounts due to banks and customers as well as from high interest rates offered in the first quarter of 2009 by the Bank on the market of term deposits for customers.

Net fee and commission income in the first quarter of 2009 amounted to PLN 72,375 thousand and was higher by PLN 1,555 thousand (by 2.2%) than the net income generated in the first quarter of 2008 mainly due to the higher, by PLN 6,558 thousand, net income related to credit cards, payment cards processing and ATMs maintanance, with the simultaneous decrease, by PLN 1,373 thousand, in the income from the distribution and management of combined investment and insurance products, the decrease, by PLN 1,817 thousand, in the fee and commission income from instalment loans and cash loans and the increase, by PLN 2,354 thousand, in the costs of insurance for customer loans.

Net gains from trading and investment activities

In the first quarter of 2009, net gains from trading and investment activities, including net result on derivatives used as hedging instruments and hedged items, amounted to PLN 72,957 thousand as compared to PLN 45,205 thousand recorded in the first quarter of 2008. The increase was generated, to a large extent, from net trading income related to derivatives. In the first quarter of 2009, net gains from trading and investment activities included also impairment losses on active derivative transactions amounting to the total of PLN 6,631 thousand (there were no such impairment losses in the first quarter of 2008).

Net gains from other operating income/expenses

Net gains from other operating activities in the first quarter of 2009 amounted to PLN 14,862 thousand and were higher by PLN 1,362 thousand than the figure in the first quarter of 2008. Rental income in Reliz is the main item which affects other operating income on a continuous basis. In the first quarter of 2009, the income of Reliz (after consolidation exclusions) amounted to PLN 8,724 thousand and was higher by PLN 1,222 thousand as compared to the first quarter of 2008 (the growth results to a large extent from currency translation differences).

General and administrative expenses

	1st quarter of 2009	1st quarter of 2008	Change (%)
Staff costs	**124 963**	**130 460**	**-4.2%**
General expenses, including:	**116 487**	**93 777**	**24.2%**
- costs of buildings maintenance and lease	38 475	29 373	31.0%
- postal and telecommunication expenses	16 914	13 234	27.8%
- IT costs	10 699	8 285	29.1%
- promotion and advertising services	3 651	4 099	-10.9%
- advisory costs	5 194	2 430	113.7%
- transportation costs	4 447	4 782	-7.0%
- purchase of other materials	2 255	3 531	-36.1%
- taxes and fees	25 804	19 400	33.0%
- other	8 048	8 643	4.7%
Depreciation	**28 709**	**23 907**	**20.1%**
Total	**270 159**	**248 144**	**8.9%**

Employment *	31.03.2009	31.03.2008	Change	Change (%)
KB	5 393.0	5 456.0	-63.0	-1.2%
Żagiel	1 357.0	1 296.0	61.0	4.7%
Other	104.0	101.2	2.8	2.8%
Total	**6 854.0**	**6 853.2**	**0.8**	**0.0%**

** Figures in FTEs.*

The Group's general and administrative expenses in the first quarter of 2009 amounted to PLN 270,159 thousand and, as compared to the first quarter of 2008, increased by 8.9%. In the first quarter of 2009, as compared to the first quarter of 2008, staff costs decreased by PLN 5.5 million (4.2%). At the end of the first quarter of 2009, the employment figure was identical as at the end of the first quarter of 2008 (as compared to the end of 2008, employment decreased by 196 FTEs).

In the first quarter of 2009, general expenses increased by PLN 22.7 million as compared to the first quarter of 2008. The increase in general expenses resulted chiefly from the increase in:

- the costs of buildings maintenance and leasing (PLN 9.1 million), which resulted from the development of the distribution network of Kredyt Bank and its subsidiary, Żagiel (see section 7.2.2. below: 'Number of outlets'), and the depreciation of Polish zloty (most rents are denominated in EUR or USD);
- the postal and telecommunication expenses (PLN 3.7 million), which resulted from the development of the distribution network and the increase in the portfolio of mortgages and retail loans;

– the costs of taxes and fees (PLN 6.4 million), which resulted from the increase in fees for Bank Guarantee Fund (PLN 2.3 million), for the Polish Financial Supervision Authority (PLN 0.6 million) and VAT costs (what results indirectly from the increase in net general expenses).

Cost/income ratio (CIR)

Cost/income ratio (CIR) for the first quarter of 2009 was at the level of 66.3% and was similar to the figure in the first quarter of 2008, i.e. 66.6%. In the fourth quarter of 2008, the ratio was 70.2%.

Net impairment losses on financial assets, other assets and provisions

Net impairment losses on financial assets, other assets and provisions	**1st quarter of 2009**	**1st quarter of 2008**
Retail Segment	- 5 728	-8 227
Consumer Finance Segment	-70 751	-31 266
Corporate Segment	-104 004	6 487
Other provisions	-3 834	8 906
Result on provisions	**-184 317**	**-24 100**

In the first quarter of 2009, the Group recorded a negative balance of net impairment losses on financial assets, other assets and provisions of PLN 184,317 thousand, as compared to the negative balance in the first quarter of 2008 of PLN 24,100 thousand. Higher impairment losses in the first quarter of 2009 were the result of the deteriorating quality of the loan portfolio in the Corporate and Consumer Finance Segments; in the case of the Consumer Finance Segment, the increase in impairment losses resulted, to a large extent, from the increase in the loan portfolio (by 52.5% at the end of the first quarter of 2009 as compared to the end of the first quarter of 2008). The balance of impairment losses for the Corporate Segment includes impairment losses on receivables related to mature currency derivatives not paid by customers in the total amount of PLN 59 million. In the first quarter of 2009, the recognition of the restructuring provision of PLN 5.7 million affected the balance of impairment losses in ‘Other provisions’ to the largest extent. The positive balance for this item at the end of the first quarter of 2008 resulted from the reversal of the provisions on liabilities due to operational risk (PLN 2.5 million), the reversal of the impairment provisions for property, plant and equipment (PLN 2.3 million) and the reversal of provisions for litigations (PLN 1.7 million).

Corporate income tax

Due to the recorded loss, the income tax amounted to PLN 10,279 thousand and had a positive effect on the Group’s net profit in the first quarter of 2009, as compared to the deduction of PLN 24,636 thousand from the Group’s net profit in the first quarter of 2008. In the first quarter of 2009, the effective tax rate was at the level of 22.0%. The effective tax rate in the first quarter of 2008 was at the level of 24.7%.

7.2. Assets and liabilities

Gross loans and advances to customers

Over the last months, the Group recorded an increase in the portfolio of gross loans and advances to customers. The value of gross loans and advances to customers at the end of the first quarter of 2009 increased by 7.8% as compared to the end of the fourth quarter of 2008, and by 56.7% as compared to the corresponding period in the previous year. The increase in the portfolio of loans and advances to customers in the first quarter of 2009 was related mainly to mortgages; however, this growth resulted, to a large extent, from the depreciation of Polish zloty.

Details concerning the portfolio of loans and advances have been presented in sections 7.5, 7.2.1. and 7.2.2 below.

Investment securities portfolio

In the first quarter of 2009, the level of portfolios of investment securities still made it possible to safely manage short-term liquidity.

Derivatives

At the end of 2008, the Group's net item concerning the valuation of derivatives was open and amounted to PLN 371.7 million as compared to PLN 75.5 million at the end of the first quarter of 2008. The increase was possible mainly due to the valuation of IRS's used in the interest rate risk management process. The Group's net item due to the valuation of options is closed – options concluded with customers are hedged by option transactions concluded on the inter-bank market. However, due to the depreciation of Polish zloty, the long-term turmoil on financial markets and the deterioration of the financial situation of entities operating in the sector of enterprises, and the resulting growing credit risk, particularly in the case of option transactions, net revaluation write-downs on derivative transactions and on related receivables increased in total in the first quarter of 2009 by PLN 65.6 million, including PLN 6.6 million recognized in net trading income, and PLN 59 million in 'Net impairment losses on financial assets, other assets and provisions'. Credit risk for option transactions is monitored on an ongoing basis by the Bank's Credit Committee.

Amounts due to banks and subordinated liabilities

in PLN '000'	**31.03.2009**	**31.03.2008**
Loans and advances from KBC Group	7 437 095	3 514 108
- including loans and advances in foreign currencies	*6 261 861*	*1 919 226*
Term deposits	3 903 836	883 335
- including term deposits from KBC Group	*3 619 828*	-
Current accounts	1 971 880	1 843 279
Other liabilities	3 577	2 791
Total amounts due to banks	**13 316 388**	**6 243 513**
Subordinated liabilities (from KBC Group)*	384 220	387 853
Total	**13 700 608**	**6 631 366**

** fully denominated in a foreign currency*

The Bank finances the lending activities not only with deposits but also, to a large extent, with financing made available by the Bank's main shareholder – KBC Group. 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 from KBC Group will be renewed at their maturities, what enables the Bank to treat them as long-term financing.

Customers' deposits portfolio

Customers' deposits at the end of the first quarter of 2009 increased by 9.5% as compared to the end of the fourth quarter of 2008, and by 19.4% as compared to the end of the first quarter of 2008. In the last 12 months, the largest increase was recorded in the portfolio of term deposits of corporate customers – by ca. PLN 3.2 billion (mainly due to the Bank's sourcing of funds from TUnŻ Warta S.A. generated from the sale of 'Warta Gwarancja' product - PLN 1.5 billion, and cash deposited by the funds managed by the companies of KBC Group – PLN 1.1 billion).

Details concerning the deposits portfolio have been presented in sections 7.2.1 and 7.2.2 below.

7.2.1. Corporate and SME banking

This section presents aggregate figures for corporate customers and SMEs, excluding non-commercial institutions providing services to households (data for non-commercial institutions providing services to households have been presented in section 7.2.2. in ‘Retail banking’).

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

in PLN ‘000’	31.03.2009	31.12.2008	31.03.2008
Corporate and SME customers			
- overdraft facilities	2 085 997	1 881 957	1 910 338
- term loans*	6 773 856	6 564 247	5 599 713
- purchased debt	149 256	51 808	22 727
- realised guarantees	6 539	7 063	8 297
- other receivables (including leasing fees)	604 070	563 093	377 803
Total**	**9 619 718**	**9 068 168**	**7 918 878**
Budget			
- overdraft facilities	1 824	4 402	2 760
- term loans*	257 179	344 458	361 615
Total**	**259 003**	**348 860**	**364 375**

** mainly investment loans and working capital loans*

*** in gross terms*

The increase in the portfolio of corporate and SME loans in the first quarter of 2009 as compared to the first quarter of 2008 amounted to 21.5% and 6.1% as compared to the fourth quarter of 2008.

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

in PLN ‘000’	31.03.2009	31.12.2008	31.03.2008
Corporate and SME customers			
- current accounts	2 226 901	2 345 672	2 409 769
- term deposits	5 507 519	5 093 304	2 305 203
- including ‘Warta Gwarancja’ product	*1 911 628*	*1 816 873*	*353 559*
- loans and advances	147	149	0
- other	2 632	37 680	7 460
Total	**7 737 199**	**7 476 805**	**4 722 432**
Budget			
- current accounts	1 378 373	2 037 335	2 068 362
- term deposits	565 161	386 057	701 997
- other	85	0	0
Total	**1 943 619**	**2 423 392**	**2 770 359**

The increase in the portfolio of term deposits of corporate customers at the end of the first quarter of 2009 as compared to the first quarter of 2008 amounting to ca. PLN 3.2 billion results mainly from the fact of depositing in the Bank of cash sourced by TUnŻ Warta S.A. from the sale of 'Warta Gwarancja' product (an increase by PLN 1.5 billion) offered by the insuring company to retail customers, and from term deposits of the funds managed by the companies of KBC Group – ca. PLN 1.1 billion). The decrease in amounts due to customers from the budgetary sector results from the payment, in the first quarter of 2009, from the Bank of a term deposit amounting to PLN 0.5 billion deposited on 31.12.2008 by an entity from the sector of public finances.

7.2.2. Retail banking

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

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

in PLN '000'	31.03.2009	31.12.2008	31.03.2008
- overdraft facilities	773 785	695 814	637 743
- purchased debt	10 676	10 676	7 928
- term loans*	1 024 440	979 667	1 094 513
- instalment and cash loans	3 812 277	3 685 259	2 321 362
- mortgages	14 305 102	12 854 847	6 668 927
- realised guarantees	1 519	1 583	1 531
- other receivables	20 466	15 773	14 439
Total**	**19 948 265**	**18 243 619**	**10 746 443**

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

*** in gross terms*

The increase in the portfolio of retail customer loans in the first quarter of 2009 as compared to the first quarter of 2008 amounted to 85.6% (ca. 25% of the increase results from currency translation differences), and 9.3% as compared to the fourth quarter of 2008 (almost 60% of the increase results from currency translation differences).

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

in PLN '000'	31.03.2009	31.12.2008	31.03.2008
- current accounts	6 836 705	6 797 580	8 038 764
- term deposits	5 523 197	3 403 116	2 873 444
- other	158 511	174 473	181 189
Total	**12 518 413**	**10 375 169**	**11 093 397**

The Bank's long-term strategy assumes the holding of a permanent deposits base sourced from customers, hence, in the first quarter of 2009, Kredyt Bank offered very competitive interest rates for 'Constans' term deposit, what resulted in a substantial increase in term deposits.

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

Instalment and cash loans

Instalment and cash loans are sold via the network of the Bank's outlets, but mainly via Żagiel. The sale of retail loans and advances through Żagiel's distribution network in the first quarter of 2009 amounted to PLN 567 million, i.e. decreased by 37.7% as compared to the fourth quarter of 2008 and by 12.6% against the level in the first quarter of 2008. As compared to the fourth quarter of 2008, in the first quarter of 2009, the number of granted loans decreased from 328 thousand to 206 thousand, and, as compared to the first quarter of 2008, the number of loans decreased by 45 thousand.

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

in PLN '000'	1st quarter of 2009	4th quarter of 2008	1st quarter of 2008
Instalment and cash loans			
Gross value of the portfolio at the end of the quarter, including:	3 812 277	3 685 259	2 321 362
Loans granted via Żagiel			
Gross value of the portfolio at the end of the quarter*	2 819 443	2 811 786	1 848 319
Number of loans granted in the quarter (in '000')	206	328	251
Value of loans granted in the quarter	567 282	910 229	649 283

** including the consolidation adjustment due to EIR*

Mortgages

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

The gross value of the portfolio of mortgages in the first quarter of 2009 as compared to the fourth quarter of 2008 increased by 11.3% and, as compared to the corresponding period in the previous year, by 114.5%. In the first quarter of 2009, the value of the loans portfolio increased in total by PLN 1.5 billion, including over PLN 0.4 billion of new loans, and the remaining amount results mainly from the depreciation of Polish zloty in this period (loans in CHF constitute almost 74% of the portfolio).

in PLN '000'	1st quarter of 2009	4th quarter of 2008	1st quarter of 2008
Mortgages			
Gross value of the portfolio at the end of the quarter	14 305 102	12 854 847	6 668 927
Number of loans granted in the quarter (in '000')	2.1	8.5	5.8
Value of loans granted in the quarter*	414 940	1 541 815	924 019

* new loans

Current accounts for individual clients

in PLN '000'	31.03.2009	31.12.2008	31.03.2008
Current accounts			
Carrying amount at quarter end	6 836 705	6 797 580	8 038 764
Including ROR accounts *			
Number (in '000')	593	588	569
Carrying amount	1 259 110	1 216 932	1 238 469
Including Savings Account *			
Number (in '000')	400	370	331
Carrying amount	4 400 995	4 245 387	5 511 562

** ROR and Savings Account – figures for private persons*

As at 31.03.2009, the number of current-savings accounts (ROR) increased by 0.9% as compared to figures at 31.12.2008 and was higher by 4.2% as compared to figures at 31.03.2008. The carrying amount of cash on ROR accounts for individual customers at the end of the first quarter of 2009 increased as compared to the end of the fourth quarter of 2008 by 3.5% and by 1.7% as compared to the end of the fourth quarter of 2007.

At the end of the first quarter of 2009, the number of savings accounts increased by 8.1% as compared to the end of the fourth quarter of 2008, and by 20.8% as compared to the end of the first quarter of 2008. At the end of the first quarter of 2009, the value of deposited cash was PLN 4.4 billion, i.e. increased by 3.7% as compared to figures at the end of the fourth quarter of 2008, and decreased by 20.1% as compared to the end of the first quarter of 2008. This decrease results from fierce competition on the market of term deposits which offer much better conditions than savings accounts as well as the launch of a new product in Kredyt Bank's offer ('Constans' term deposit – which was indicated above in this section when describing the table with the structure of retail deposits) and the continuation by Warta of the sale of 'Warta Gwarancja' product which is offered to retail customers (which was indicated above in section 7.2.1 when describing the table with the structure of corporate deposits).

Credit cards

At the end of the first quarter of 2009, as compared to the end of the fourth quarter of 2008, the number of credit cards increased by 6.5%, and by 92.4% as compared to the end of the first quarter of 2008. It resulted in the increase in net fee and commission income related to credit cards from PLN 3,750 thousand in the first quarter of 2008 to PLN 7,038 thousand in the first quarter of 2009.

in thousands	31.03.2009	31.12.2008	31.03.2008
Credit cards (aggregate for KB and Żagiel S.A.)	508	477	264

Electronic distribution channels

The number of users of electronic distribution channels has been growing systematically. As of 31.03.2009, the number of KB24 users was equal to 347 thousand. As compared to figures at 31.12.2008, their number increased by 3.9%, and by 18.8% as compared to figures at 31.03.2008. As compared to the fourth quarter of 2008, the number of bank transfers made via KB24 in the first quarter of 2009, increased by 0.6% and by 18.3% as compared to the first quarter of 2008.

in '000'	31.03.2009	31.12.2008	31.03.2008
Number of KB 24 users	347	334	292
Number of transfers via KB24 in the quarter	4 089	4 066	3 457

Number of outlets in units	31.03.2009	31.12.2008	31.03.2008
Bank's outlets	401	401	389
Outlets of Żagiel S.A. ('Kredyt Punkt' outlets)	349	351	262

In 2008, the subsidiary Żagiel made substantial efforts to develop its sales network. As a result, the number of 'Kredyt Punkt' outlets at the end of the first quarter of 2009 increased by 33.2% as compared to the end of the first quarter of 2008.

In October 2005, the Bank's Management Board approved the project: 'The Development of the Retail Network', under which the Bank intended to open 120 model outlets and which will be terminated in the second quarter of 2009. Within this project, the Bank will eventually open 104 outlets. Due to this project, the Bank will rank among top 6 banks in terms of the number of outlets. The Bank's Management Board monitors the effectiveness of the operation of new and existing outlets on an ongoing basis.

7.3. Investment funds and unit funds in unit-linked insurance plans

Total net assets of KBC TFI funds (excluding non-registered funds) sold as at 31.03.2009 via the Bank's distribution network amounted to PLN 2,677,067 thousand. As compared to figures at 31.12.2008, they decreased by 4.0%, and by 19.3% as compared to figures at 31.03.2008.

in PLN '000'	31.03.2009	31.12.2008	31.03.2008
Net assets of KBC TFI funds (excluding non-registered funds) sold via the Bank's distribution network	2 677 067	2 789 563	3 318 063
The share of net assets of funds sold via the Bank's distribution network in net assets of investment funds managed by KBC TFI S.A.	74.2%	74.6%	77.4%

7.4. Issue, redemption and repayment of debt and equity securities

In the first quarter of 2009, the Bank did not issue, redeem or repay any equity securities issued by the Bank.

7.5. The quality of loans and advances portfolio

In the first quarter of 2009, the share of doubtful loans and advances in total loans and advances increased.

In spite of the substantial increase in impairment losses on loans and advances in the first quarter of 2009, the quality ratio for the Group's gross loans and advances deteriorated only slightly in this period, i.e. by 0.4 p.p. Over the last 12 months, due to the fast growth of the portfolio of loans and advances, the ratio improved 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 31.03.2009, the coverage ratio of loans and advances with evidence for impairment with impairment losses was at the level of 61.1%.

in PLN '000'	31.03.2009	31.12.2008	31.03.2008
Loans and advances with no evidence for impairment	28 238 502	26 310 999	17 862 328
Loans and advances with evidence for impairment	1 588 484	1 349 648	1 167 368
Total gross loan and advances to customers	**29 826 986**	**27 660 647**	**19 029 696**
Impairment losses on loans and advances to customers	1 059 041	927 331	855 775
including: impairment on loans and advances with evidence for impairment	970 555	839 644	806 881
Total net loans and advances to customers	**28 767 945**	**26 733 316**	**18 173 922**
The share of loans and advances with evidence for impairment in total gross loans and advances	5.3%	4.9%	6.1%
Coverage of loans and advances with evidence for impairment with corresponding impairment	61.1%	62.2%	69.1%
Coverage of gross loans and advances to customers with corresponding impairment	3.6%	3.4%	4.5%

7.6. Capital adequacy ratio

The Group's capital adequacy ratio was calculated in compliance with the regulations of the National Bank of Poland in force and, as of 31.03.2009, amounted to 8.46% as compared to 8.81% recorded as of 31.03.2008. The decrease in the capital adequacy ratio, as compared to the figure at 31.03.2008, results mainly from the fast growth of the loan portfolio and from strong depreciation of Polish zloty. The Group applies the standardized approach to credit risk calculation.

7.7. Income and results by operating segments

Since 1.01.2009, in accordance with the assumptions of IFRS 8, the approach to disclosures concerning operating segments has changed. The criterion for separating a segment now 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 Segment, Corporate Segment, Consumer Finance Segment and Treasury Segment. The Bank's operations are not diversified in geographical terms. Operations are focused on the Polish market; the main customer base is composed of Polish natural and legal persons and foreign customers operating on the Polish market.

Retail Segment

Retail Segment incorporates products targeted at individual customers (except for customers qualified as Consumer Finance Segment) as well as Small and Medium-sized Enterprises (SME), whose annual sales revenue does not exceed PLN 16 million. The offer consists of a wide choice of deposit, credit and insurance (bancassurance) products offered in cooperation with TUnŻ WARTA S.A. and TUiR WARTA

S.A., and investment products offered by KBC TFI S.A. This offer is addressed to customers through traditional channels of distribution via the Bank's nationwide network of branches and affiliates as well as KB24 – an Internet network.

Corporate Segment

Corporate Segment comprises transactions with large companies (with annual sales revenue exceeding PLN 16 million) as well as state budgetary units at central and local levels. Beside such traditional products as loans, deposits, settlement and treasury services, the customers from this segment are offered specialist services. They are tailored to customers' individual needs, e.g. organizing syndicates supporting investment projects, financing real estate transactions, financing foreign trade and bulk payments. The Bank's offer in this segment is expanded by the products of Kredyt Lease, which offers a complete range of services to companies in respect of the leasing of property, plant and equipment.

Consumer Finance Segment

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

Treasury Segment

Treasury Segment 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 the costs of the financing of lending activities and interest income from the sale of deposit funds in internal transactions and result from the application of an internal price (transfer rate) established on the basis of reference rates (money market rates) for particular deposit and credit products.

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

Net commission income and other net income consists of:

- commissions for the keeping of accounts and transactions;
- commissions related to credit, debit and other cards;
- commissions related to shares in 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 inludes net income from other commissions and net income from other operating income and expenses.

Net income from treasury transactions in the Retail Segment and in the Corporate Segment is the net income from exchange operations on negotiable and non-negotiable transactions, 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' and 'Net result on derivatives used as hedging instruments and hedged items'.

Net gains from investment activities – the presented item is the same as the item with the same name in the financial statements.

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 currency options of customers and the adjustment of the accrual of interest based on net investments were additionally recognized in this item (presented in the financial statements for the first quarter of 2009 in net trading income and in net interest income, respectively).

Group's general expenses – the Group allocates the costs on the basis of direct costs accounting and statistical key figures applied in its own management system. The costs of the Head Office and general and administrative expenses are allocated according to the structure of direct costs. At present, the Bank is implementing the Activity-based Costing (ABC), which will affect the method of allocating costs to particular segments.

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

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**108 420**	**122 137**	**54 163**	**-21 176**	**-818**	**262 726**
- lending activities	79 837	122 137	37 096		-826	238 244
- depositing activities	32 285		18 356		8	50 649
- the cost of financing cash kept in the Bank's branches	-3 702		-1 289	4 991		0
Net commission income and other net income	**43 864**	**9 436**	**13 922**	**0**	**12 645**	**79 867**
- commissions related to the keeping of accounts and transactions	26 051		5 571		303	31 925
- commissions related to cards	15 832	4 097	343			20 272
- commissions related to shares in investment funds societies	4 526		48			4 574
- commissions related to insurance products	6 672		0		7	6 679
- commissions related to foreign transactions	1 967		2 476		296	4 739
- other	-11 184	5 339	5 484		12 039	11 678
Net income from treasury transactions	**23 313**	**65**	**9 753**	**49 573**	**-7 266**	**75 438**
- exchange transactions	23 238	65	7 647	28 493	-7 052	52 391
- derivatives and securities	75		2 106	21 080	-214	23 047
Net gains from investment activities					**4 150**	**4 150**
Operating income before tax	**175 597**	**131 638**	**77 838**	**28 397**	**8 711**	**422 181**
Net impairment losses on financial assets, other assets and provisions	**-7 901**	**-73 091**	**-114 316**	**0**	**-3 834**	**-199 142**
Group's general and administrative expenses, including:	**-177 788**	**-45 004**	**-32 522**	**-9 273**	**-5 572**	**-270 159**
- the costs of the operation of business functions (direct costs)	-116 999	-42 549	-22 744	-6 103	-5 572	-193 967
- allocated expenses	-60 789	-2 455	-9 778	-3 170	0	-76 192
Net operating income	**-10 092**	**13 543**	**-69 000**	**19 124**	**-695**	**-47 120**
Share in profit (loss) of associates						**335**
Income tax expense						**10 279**
Net profit/loss						**-36 506**

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

in PLN '000'	Retail Segment	Consumer Finance Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**104 824**	**76 655**	**44 795**	**24 716**	**-797**	**250 193**
- lending activities	54 057	76 655	29 752		-712	159 752
- depositing activities	54 797		16 402		-79	71 120
- the cost of financing cash kept in the Bank's branches	-4 030		-1 359	5 395	-6	0
Net commission income and other net income	**47 627**	**6 376**	**14 854**	**0**	**8 479**	**77 336**
- commissions related to the keeping of accounts and transactions	25 285		6 113		174	31 572
- commissions related to cards	14 750	2 128	379			17 257
- commissions related to shares in investment funds societies	5 649		43			5 692
- commissions related to insurance products	4 170					4 170
- commissions related to foreign transactions	2 115		2 555		327	4 997
- other	-4 342	4 248	5 764		7 978	13 648
Net income from treasury transactions	**21 944**	**-42**	**11 076**	**12 410**	**-191**	**45 197**
- exchange transactions	21 560	-42	4 996	6 040	-187	32 367
- derivatives and securities	384		6 080	6 370	-4	12 830
Net gains from investment activities					**8**	**8**
Operating income before tax	**174 395**	**82 989**	**70 725**	**37 126**	**7 499**	**372 734**
Net impairment losses on financial assets, other assets and provisions	**-8 227**	**-31 266**	**6 487**	**0**	**8 906**	**-24 100**
Bank's general and administrative expenses	**-168 970**	**-41 023**	**-22 846**	**-11 501**	**-3 804**	**-248 144**
- the costs of the operation of business functions (direct costs)	-111 550	-38 807	-16 322	-7 593	-3 804	-178 076
- allocated expenses	-57 420	-2 216	-6 524	-3 908	0	-70 068
Net operating income	**-2 802**	**10 700**	**54 366**	**25 625**	**12 601**	**100 490**
Share in profit (loss) of associates						**-882**
Income tax expense						**-24 636**
Net profit/loss						**74 972**

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

in PLN '000'	**01.01.2009-31.03.2009**
Net interest income – management information	**262 726**
- commissions on loans	14 506
+ operating expenses (interest on finance lease)	-641
+ operating income (the collection of statutory interest)	2 008
+ commissions related to foreign transactions	84
+ adjustment of the accrual of interest based on net investments	-8 194
+ other	5 685
Net interest income – financial statements	**247 162**
Net commission income and other net income – management information	**79 867**
+ commissions on loans	14 506
- operating expenses (interest on finance lease)	-641
- operating income (the collection of statutory interest)	2 008
- commissions related to foreign transactions	84
- other	5 685
Net commission income and other net operating income – financial statements – presented as:	**87 237**
Net fee and commission income	72 375
Other operating income	28 507
Other operating expenses	-13 645
Net income from treasury transactions – management information	**75 438**
+ provision for potential losses related to open currency derivative transactions of customers	-6 631
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**68 807**
Net trading income	67 661
Net result on derivatives used as hedging instruments and hedged items	1 146
Operating income before tax – management information	**422 181**
+ provision for potential losses related to open currency derivative transactions of customers	-6 631
+ adjustment of the accrual of interest based on net investments	-8 194
Operating income before tax – financial statements – presented as:	**407 356**
Total operating income	421 001
Other operating expenses	-13 645
Net impairment losses on financial assets, other assets and provisions – management information	**-199 142**
- provision for potential losses related to open currency options of customers	-6 631
- adjustment of the accrual of interest based on net investments	-8 194
Net impairment losses on financial assets, other assets and provisions – financial statements	**-184 317**

in PLN '000'	**01.01.2008-31.03.2008**
Net interest income – management information	**250 193**
- commissions on loans	10 267
+ operating expenses (interest on finance lease)	-952
+ operating income (the collection of statutory interest)	4 245
+ commissions related to foreign transactions	219
+ other	-229
Net interest income – financial statements	**243 209**
Net commission income and other net income – management information	**77 336**
+ commissions on loans	10 267
- operating expenses (interest on finance lease)	-952
- operating income (the collection of statutory interest)	4 245
- commissions related to foreign transactions	219
- other	-229
Net commission income and other net operating income – financial statements – presented as:	**84 320**
Net fee and commission income	70 820
Other operating income	23 246
Other operating expenses	-9 746
Net income from treasury transactions – management information	**45 197**
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**45 197**
Net trading income	45 994
Net result on derivatives used as hedging instruments and hedged items	-797
Operating income before tax – management information	**372 734**
Operating income before tax – financial statements – presented as:	**372 734**
Total operating income	382 480
Other operating expenses	-9 746

8. Information on dividend

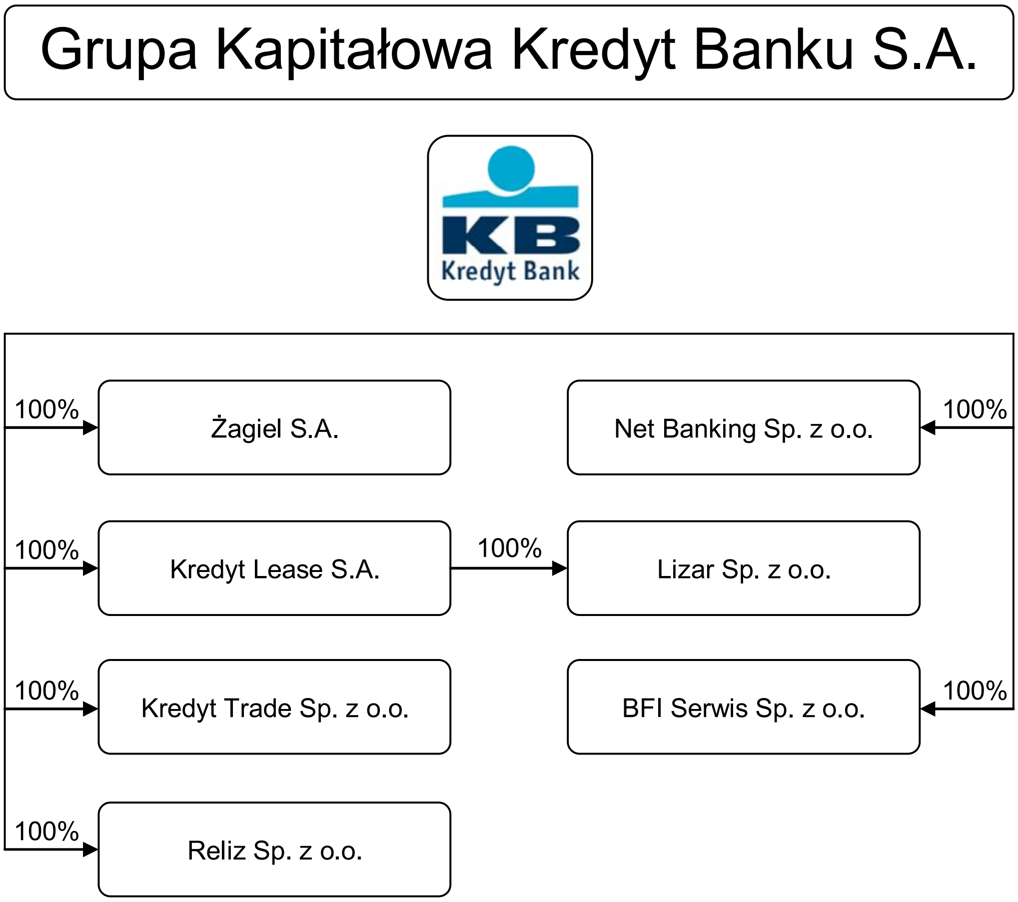
Having regard for the Bank's financial situation in terms of its capital adequacy and the plans for the development of the banking activities in the years to come, the Bank's Management Board recommended to the Supervisory Board the non-payment of dividend for 2008. At the meeting of 01.04.2009, the Bank's Supervisory Board approved the resolution on the distribution of profit for 2008, which provides for the allocation of the total net profit for the financial year 2008 to increase the Bank's basic funds. The resolution will be approved by the General Meeting of Shareholders, which is scheduled on 27.05.2009.

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 03.07.2008. The payment of dividend was effected on 18.07.2008.

9. Group's structure

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

Below, we present the composition and ownership structure of the Group as of 31.03.2009.



As of 31.03.2009, 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.

Due to the termination of the liquidation process, on 12.01.2009, Kredyt International Finance B.V. was deleted from the court register.

10. Description of applied accounting principles and material accounting estimates

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

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.

10.1. Classification and measurement of financial assets and liabilities

Financial assets and liabilities at fair value through profit or loss

This category includes:

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

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

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

Outflows from assets disposal are calculated with the FIFO method.

Financial derivatives are recognized at fair value, without deductions of transaction expenses that can be incurred at the disposal. The transaction price is the best indicator of fair value at the initial recognition of a derivative. The valuation of derivatives also includes credit risk; the respective impairment charges are recognized in the income statement.

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

Held-to-maturity investments

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable cash flow that are not quoted on an active market. Loans and receivables arise when the Bank disburses cash to customers for purposes other than generating short-term trading gains. This category includes 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 losses are recognized in the income statement in correspondence with accounts of provisions which adjust assets value.

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

Outflows from assets disposal are calculated with the FIFO method.

Financial liabilities not held for trading

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

Financial liabilities not held for trading are recognized in the balance sheet at amortised cost with the application of the effective interest rate method.

Hedge accounting

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

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

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

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

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

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

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

Effective interest rate method

Since 01.01.2005, as a result of adopting the method of measuring financial assets and liabilities at amortised cost with the use of the effective interest rate, the Group has been amortising, into income statement, fee and commission income and expenses as well as certain external expenses connected with the measured financial assets and liabilities in accordance with the stipulations provided in IAS 39.

The following financial assets and liabilities are measured by the Group at amortised cost with the application of the effective interest rate:

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

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

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

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

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

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

10.2. Impairment of financial assets valued at amortised cost and historical cost

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

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

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

Evidence for impairment

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

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

- high probability of the borrower's bankruptcy or their another financial reorganisation.

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

Measurement of individual impairment

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

Measurement of collective impairment

A collective analysis is conducted in the following cases:

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

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

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

10.3. Value of deferred tax assets

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

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

10.4. Investment properties

In 2007, as the sale of certain assets in the time-limit set forth in the IFRS, i.e. within one year from their classification as non-current assets held for sale (IFRS 5), was not possible, the Group reclassified them into investment properties. Under IAS 40 and pursuant to the policy of the Group's main shareholder, the Group values investment properties at cost.

10.5. Goodwill

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

11. Comparable data

The comparable data included in these financial statements for previous reporting periods includes the presentation changes which were introduced to the financial statements as at 31.03.2009.

Consolidated Income Statement

	Published data	Changes	Comparable data	Explanations
	1st quarter of 2008 01.01.2008 - 31.03.2008		1st quarter of 2008 01.01.2008 - 31.03.2008	
Net income from sale of receivables	4 798	-4 798	no such item	a)
Net impairment losses on financial assets, other assets and provisions	-28 898	4 798	-24 100	a)

Clarification of major reclassifications:

a) the reclassification of net income from sale of receivables to ‘Net impairment losses on financial assets, other assets and provisions’

12. After balance sheet events

The Supervisory Board of Kredyt Bank S.A., under § 24 Clause 1 item 3 of the Bank’s Statutes, upon the request of the Bank’s Management Board, on 1.04.2009 appointed the certified auditor, Ernst & Young Audit Sp. z o.o., 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 30.06.2009 and 31.12.2009. Kredyt Bank S.A. employed Ernst & Young Audit sp. z o.o. to review and audit financial statements in the years 2002-2008. The partner of Ernst & Young Audit sp. z o.o. supervising the reviews and audits of financial statements changed in 2005.

On 15.04.2009, the Chairman of the Bank’s Supervisory Board was notified of the resignation by Mr. Luc Philips from the membership on the Supervisory Board, as from the day of the next Ordinary General Meeting of the Bank to be held on 27.05.2009.

On 16.04.2009, the Management Board of Kredyt Bank S.A. published ‘The Announcement on the Convening of the Ordinary General Meeting of Kredyt Bank S.A. to take place on 27.05.2009’.

On 7.05.2009, Kredyt Bank S.A. executed, with KBC Bank NV Dublin Branch, a subordinated loan agreement up to the amount equivalent to CHF 165 million (i.e. PLN 472,708,500.00 according to the average rate of exchange of the National Bank of Poland as of 7.05.2009). 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. 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. Cash obtained under the above-mentioned loan will be used to finance the Bank's current operations. The said subordinated loan will significantly strengthen the Bank's own funds and will increase the level of the capital adequacy ratio. It is estimated that the increase in the Bank's own funds calculated as of 31.03.2009, with the amount of the said subordinated loan, would increase the capital adequacy ratio up to ca. 10%.

13. Information on shareholders holding over 5% stake in the share capital and votes at GMS

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 31.03.2009.

Shareholder	Line of business	Number of shares and votes at GMS	Share in votes and in share capital (in %)
KBC Bank NV*	Banking	217 327 103	80.00
KBC Securities – related party of KBC Bank NV *	Brokerage house	6 890 966**	2.54
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 Bank NV of 6 May 2008.*

A memorandum from KBC Securities NV of 20 April 2009 – as of 20.04.2009, it amounts to 6,811,689

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 held over 5% of total votes at the General Meeting of Shareholders of Kredyt Bank S.A. concerning the financial instruments included in the portfolios managed within the services of managing broker-traded financial instruments upon order provided by PPIM and in performance of the agreement on the management of broker-traded financial instruments upon order, concluded between Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych S.A. and PPIM.

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

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

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

As at 31.03.2009, Mr. Marek Michałowski, a Member of the Bank's Supervisory Board, held 1,000 shares of Kredyt Bank S.A. with the nominal value of PLN 5 thousand. Other Members of the Bank's

Management Board and of the Bank's Supervisory Board did not hold any Bank's shares or shares in the Bank's subsidiaries and associates.

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

In the first quarter of 2009, the Group was not a party to any proceedings before a court, an authority competent for arbitration proceedings or a public administration authority, where the amount(s) claimed would amount to at least 10% of the Bank's (issuer's) equity.

Below are presented those proceedings, in which the Group is the defendant and in which the amounts claimed are the highest.

- Two court proceedings regarding a credit granted to Laboratorium Frakcjonowania Osocza Sp. z o.o. in Mielec ('LFO'). The Bank is the leader of the syndicate of five banks, which, under the agreement of 04.03.1997, granted a syndicated loan to LFO. The loan was secured by, among others, a registered pledge on the company's property, plant and equipment and the surety of the State Treasury up to 60% of the drawn amount of the loan and accrued interest. As the investment project for which the loan was extended had not been completed and the dates of the payment of commitments had not been met, the Bank, representing the syndicate, terminated the agreement under its terms and conditions and called LFO to pay claims.
    - The State Treasury requested for determination whether the syndicated loan agreement concluded between LFO and the syndicate of five banks had expired on 28.02.1998 as a result of the occurrence of a contractual condition, and, as a result, the commitment of the State Treasury as the guarantor of the loan under the guarantor's agreement had expired as well. The State Treasury is represented by the General Public Prosecutor's Office of the State Treasury. Experts' opinions and auxiliary opinions were prepared and additional witnesses were questioned. In the first quarter of 2007, the State Treasury changed the lawsuit and claimed PLN 8,207 thousand including interest. The parties exchanged pleadings. In the fourth quarter of 2008, the court requested the Bank to submit documents concerning the debt collection process carried out against the State Treasury on the basis of a banking executory title with the enforceability clause. The Bank delivered the required documents to the court.
    - Claims of LFO for damages due to the termination of the loan agreement amounting to PLN 119,477 thousand. At present, after being heard by courts of all instances, the case was referred to the circuit court in Warsaw, which, as a result of LFO bankruptcy, stayed legal proceedings. Upon the request of LFO, the court called upon the trustee in bankruptcy of LFO to participate in the case. In the meantime, the parties submitted pleadings.
- A trustee in bankruptcy of a company operating in the real estate developing sector (the name of the company is subject to confidentiality application) claims for payment of indemnity of PLN 32,256 thousand by the reason of effecting by the Bank of financial orders from the company's account on the basis of bank transfers orders and checks bearing a forged signature of one of the persons authorized to represent the company in dealings with the Bank. At the hearing on 21.11.2006, the plaintiff limited its claim for interest. The total amount claimed by the plaintiff equals PLN 20,665 thousand. On 20.03.2007, the court announced its decision and claimed the whole disputed amount with interest from the Bank. Having received the justification of the judgment, the Bank lodged the appeal and requested to summon the member of the company's management board who had forged signatures. By the judgment of 8.04.2008, the appeal court overruled the judgment of the court of first instance (in the judgment, the court stated that the limitation of claims for damages by lapse of time had not been examined) and referred the case to the circuit court to be re-examined. The first hearing at which the positions of the parties were established was held on 25.07.2008. At the hearing held on 11.05.2009, the Court called the trustee in bankruptcy to submit the original transfer orders and set the date of the next hearing to 3.07.2009. 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. The Supreme Court accepted the last resort appeal of MSG Investment for examination. At present, the Bank is waiting for the court to set the date of the hearing.

- 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. At the hearing on 15.01.2009, the court focused on procedural issues concerning the securing of the MZH's claims. Reliz requested to decrease the security amount, but the request was rejected. The appraiser's valuation of 'Altus' building commissioned by the court has not been terminated yet. The next hearing will be scheduled by the court *ex officio*. The Bank's legal advisor analysed the potential claims and the claims under court proceedings brought by MZH against BC 2000 which, if upheld, could be satisfied from 'Altus' real property which belongs to Reliz. In the Bank's opinion, a part of potential claims is prescribed. No lawsuits were filed to the portion of claims. In one of the cases, from the principal amount of PLN 17,287,328 claimed by MZH from BC 2000, the court, under its judgment of 23.10.2008, awarded the amount of PLN 7,066,347 to MZH, but dismissed the lawsuit in other respects. The sentence is not legally valid. Hence, in the Bank's opinion, even in the case of an unfavourable judgment in the fraudulent conveyance case, the risk of satisfying claims by MZH from Reliz's real estate is estimated only for a part of the amount subject to the fraudulent conveyance claim.

- 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.
- 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. On 20.04.2009, the court adjourned the hearing and failed to set the date of the next hearing.
- 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 is preparing a reply 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.

16. Related party transactions

In the first quarter of 2009 and in the first quarter of 2008, there were no related party transactions which were not concluded on market terms.

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

As of 31.03.2009, 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.

As at 31.03.2008, the Bank issued guarantees with the total value of at least 10% of the Bank’s equity to one company and its subsidiaries. The guarantees were issued for the total amount of PLN 280,495 thousand.

The above guarantees were granted on market terms. The Bank’s fee for issuing the guarantees was also determined on market terms.

18. Seasonality or cyclical nature of operations

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

19. Non-typical factors and events

Both in the first quarter of 2009 and in the first quarter of 2008, no untypical events occurred in the Group (not related to operating activities) that would affect the structure of balance sheet items and the financial result to a large extent, and which were not presented in this report.

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

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 75,000,000 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 26.01.2009, 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 remaining ratings of Kredyt Bank S.A. assigned by Moody’s Investors Service have been confirmed at previous levels, namely: Short-term Deposit Rating – ‘Prime-1’; Bank Financial Strength Rating – ‘D’. The outlook for the above ratings remains ‘stable’.

On 11.02.2009, the Bank informed that, due to the deterioration of the economic situation and the need to lower the business activities costs, the Bank’s Management Board made a decision to reduce employment. The Bank plans to reduce employment by group lay-offs which will include up to 300 employees. As a result of consultations with the Workers’ Council, procedures, conditions, dates and the level of employment optimisation were agreed. Further employment reductions will be achieved as a result of the discontinuation of employment due to natural reasons and by non-extending agreements concluded for a specified period of time, also in the companies of Kredyt Bank Group, including ca. 200

employees. In the first quarter of 2009, the employment in the Group decreased by 196 FTEs (94 FTEs in the Bank and 102 FTEs in the Group's other companies).

On 11.03.2009, 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, and on 30.03.2009, 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 Fitch Ratings. The above decisions were 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.

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

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

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

The most significant factors that may affect the Group's future financial results:

- slower growth of household income in real terms due to the substantial decrease in the demand for labour (an expected further drop in employment on a year-to-year basis, a higher unemployment rate and a continuing decline in the wages growth rate) and the resulting lower consumer demand;
- the persistence of low demand for export, only partially compensated for, at the financial result level, by the depreciation of Polish zloty;
- in the medium-term perspective – limited investment activities in the sector of enterprises in view of demand restrictions;
- persisting high cost of long-term liquidity both in PLN and in foreign currencies;
- high costs of deposits sourcing;
- further reduction of the demand for mortgage loans due to the lower purchasing power of households and a more restrictive lending policy of the Bank;
- a decrease in prices on the real properties market;
- potential new depreciation of Polish zloty and, as a result, e.g. an increase in the risk due to the commitment of the Bank's customers to currency derivative transactions and the deterioration of the quality of the loans portfolio in foreign currencies;
- despite the temporary calming of sentiments on financial markets, the reconstruction of the demand for investment products offered by the Group seems to be quite unlikely in view of the concerns related to the weakening condition of the labour market and the persisting high aversion of customers to risk.

23. Standalone condensed financial statements of Kredyt Bank S.A.

23.1. Income Statement

in PLN '000'	1st quarter of 2009 01.01.2009 - 31.03.2009	1st quarter of 2008 01.01.2008 - 31.03.2008
Interest income	557 637	460 431
Interest expense	-370 700	-256 278
Net interest income	**186 937**	**204 153**
Fee and commission income	95 945	87 821
Fee and commission expense	-27 048	-18 747
Net fee and commission income	**68 897**	**69 074**
Dividend income	0	0
Net trading income	66 943	46 040
Net result on derivatives used as hedging instruments and hedged items	1 146	-797
Net gains from investment activities	4 150	4
Other operating income	9 716	11 679
Total operating income	**337 789**	**330 153**
General and administrative expenses	-222 048	-205 492
Net impairment losses on financial assets, other assets and provisions	-181 258	-30 074
Other operating expenses	-8 448	-7 738
Total operating expenses	**-411 754**	**-243 304**
Net operating income	**-73 965**	**86 849**
Profit (loss) before tax	**-73 965**	**86 849**
Income tax expense	14 993	-19 354
Net profit (loss) from business activities	**-58 972**	**67 495**
Net profit from discontinued operations		
Net profit (loss)	**-58 972**	**67 495**
Including:		
attributable to the Shareholders of the Bank	**-58 972**	**67 495**
Weighted average number of ordinary shares	271 658 880	271 658 880
Earnings (loss) per ordinary share (in PLN)	-0.22	0.25

23.2. Balance Sheet

in PLN '000'	31.03.2009	31.12.2008	31.03.2008
Assets			
Cash and balances with Central Bank	1 387 225	827 956	1 116 875
Gross loans and advances to banks	337 402	340 859	2 140 138
Impairment losses on loans and advances to banks	-2 260	-2 261	-2 260
Receivables arising from repurchase transactions	336 247	0	0
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 848 830	1 347 027	627 987
Derivatives including:	2 072 779	2 302 799	608 443
- Derivatives used as hedging instruments	73 065	166 954	17 145
Gross loans and advances to customers	29 973 684	27 853 155	19 285 671
Impairment losses on loans and advances to customers	-1 034 607	-927 457	-865 254
Investment securities:	6 290 081	6 232 624	5 485 775
- available-for-sale	4 299 541	4 359 740	3 441 651
- held-to-maturity	1 990 540	1 872 884	2 044 124
Investments in subsidiaries, associates and jointly controlled entities	66 000	66 075	66 063
Property, plant and equipment	383 504	398 201	380 829
Intangible assets	56 897	57 854	61 155
Deferred tax asset	115 546	44 509	141 804
Other assets	110 565	79 781	88 765
Total assets	**41 941 893**	**38 621 122**	**29 135 991**

in PLN '000'	31.03.2009	31.12.2008	31.03.2008
Liabilities			
Amounts due to Central Bank	374 945	1 113 275	1 591
Amounts due to banks	13 096 388	11 915 013	6 193 513
Derivatives including:	1 700 869	1 890 221	684 008
- Derivatives used as hedging instruments	1 816	1 708	23 220
Amounts due to customers	22 412 086	20 555 309	18 720 282
Liabilities arising from repurchase transactions	1 317 003	8 991	502 009
Current tax liability	16 187	28 916	35 818
Provisions	53 140	30 379	99 890
Other liabilities	187 764	220 155	204 967
Subordinated liabilities	384 220	279 643	387 853
Total liabilities	**39 542 602**	**36 041 902**	**26 829 931**

in PLN '000'	31.03.2009	31.12.2008	31.03.2008
Equity			
Share capital	1 358 294	1 358 294	1 358 294
Supplementary capital	580 974	580 974	381 718
Revaluation reserve	-23 019	97 938	-82 908
Reserves	240 942	240 942	180 942
Retained earnings/loss	301 072	0	400 519
Current net profit (loss) attributable to the Shareholders of the Bank	-58 972	301 072	67 495
Total equity	**2 399 291**	**2 579 220**	**2 306 060**
Total equity and liabilities	**41 941 893**	**38 621 122**	**29 135 991**

Capital adequacy ratio (%)	8.43	8.93	9.66
Number of shares	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	8.83	9.49	8.49

23.3. Off-balance Sheet Items

in PLN '000'	31.03.2009	31.12.2008	31.03.2008
Contingent liabilities, granted and received			
Liabilities granted, including:	6 896 383	7 222 060	6 738 417
- financial	5 047 249	5 401 454	5 160 578
- guarantees	1 849 134	1 820 606	1 577 839
Liabilities received, including:	1 622 367	1 836 299	1 962 861
- financial	206 934	528 748	922 931
- guarantees	1 415 433	1 307 551	1 039 930
Liabilities related to the sale/purchase transactions	**210 609 229**	**279 092 521**	**282 543 109**
Other	**5 516 830**	**4 742 296**	**3 765 567**
- collateral received	5 516 830	4 742 296	3 765 567

23.4. Statement of Changes in Equity including the Statement of Recognized Income and Expense

Changes in the period 01.01.2009 – 31.03.2009

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			-76 744				-76 744
Effects of valuation of derivatives designated for cash flow hedge			-72 586				-72 586
Deferred tax on items recognized in equity			28 373				28 373
Net profit/loss recognized directly in the equity			**-120 957**				**-120 957**
Net profit/loss for the period						-58 972	-58 972
Total of recognized income and expenses			**-120 957**			**-58 972**	**-179 929**
Equity at end of period – as of 31.03.2009	**1 358 294**	**580 974**	**-23 019**	**240 942**	**301 072**	**-58 972**	**2 399 291**

Changes in the period 01.01.2008 – 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		
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**

Changes in the period 01.01.2008 – 31.03.2008

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			1 372				1 372
Effects of valuation of derivatives designated for cash flow hedge			4 441				4 441
Deferred tax on items recognized in equity			-1 104				-1 104
Net profit / loss recognized directly in the equity			**4 709**				**4 709**
Net profit/loss for the period						67 495	67 495
Total of recognized income and expenses			**4 709**			**67 495**	**72 204**
Equity at end of period – as of 31.03.2008	**1 358 294**	**381 718**	**-82 908**	**180 942**	**400 519**	**67 495**	**2 306 060**

23.5. Cash Flow Statement

in PLN '000'	1st quarter of 2009 01.01.2009 - 31.03.2009	1st quarter of 2008 01.01.2008 - 31.03.2008
Net cash flow from operating activities		
Net profit (loss)	**-58 972**	**67 495**
Adjustments to net profit (loss) and net cash from operating activities:	**486 810**	**-501 683**
Current and deferred tax recognized in financial result	-14 993	19 354
Non-realised profit (loss) from currency translation differences	-34 106	2 195
Investing and financing activities	**124 587**	**15 212**
Depreciation	23 936	19 418
Net increase/decrease in impairment	107 961	24 768
Dividends	0	0
Interest	-26 545	-21 587
Net increase/decrease in provisions	22 762	-5 834
Profit (loss) on disposal of investments	-3 527	-1 553
Net increase/decrease in operating assets (excluding cash)	**-2 870 718**	**-1 807 079**
Net increase/decrease in gross loans and advances to banks	-10 717	34 849
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	-357 979	-312 081
Net increase/decrease in receivables arising from repurchase transactions	-336 247	0
Net increase/decrease in gross loans and advances to customers	-2 120 529	-1 547 619
Paid/received income tax	-40 553	-11 449
Net increase/decrease in other assets	-4 693	29 221
Net increase/decrease in operating liabilities	**3 282 040**	**1 268 635**
Net increase/decrease in amounts due to Central Bank	-738 330	-1 100 070
Net increase/decrease in amounts due to banks	1 075 199	207 801
Net increase/decrease in derivatives	-189 459	230 596
Net increase/decrease in amounts due to customers	1 856 776	1 539 551
Net increase/decrease in liabilities arising from repurchase transactions	1 308 012	451 883
Net increase/decrease in other liabilities	-30 158	-61 126
Net cash flow from operating activities	**427 838**	**-434 188**

in PLN '000'	1st quarter of 2009 01.01.2009 - 31.03.2009	1st quarter of 2008 01.01.2008 - 31.03.2008
Net cash flow from investing activities		
Inflows	**601 159**	**112 416**
Disposal of property, plant and equipment and intangible assets	0	20
Disposal of investment securities	533 849	51 930
Dividends	0	0
Interest received	67 310	60 466
Outflows	**-607 628**	**-124 209**
Acquisition of property, plant and equipment and intangible assets	-14 432	-61 994
Acquisition of interests in subordinated companies	0	0
Acquisition of investment securities	-593 196	-62 215
Net cash flow from investing activities	**-6 469**	**-11 793**
Cash flow from financing activities		
Inflows	**797 401**	**710 258**
Proceeds from a subordinated loan	75 000	0
Proceeds from loans and advances	722 401	710 258
Outflows	**-673 674**	**-40 436**
Repayment of subordinated liabilities	0	0
Dividends paid	0	0
Repayment of loans and advances	-600 000	0
Other financial outflows	-73 674	-40 436
Net cash flow from financing activities	**123 727**	**669 822**

Net increase/decrease in cash	**545 096**	**223 841**
Cash at the beginning of the period	**961 231**	**2 689 893**
Cash at the end of the period, including:	**1 506 327**	**2 913 734**
restricted cash	948 377	652 317

Signatures of all Management Board Members:

date	14.05.2009	Maciej Bardan	President of the Management Board	....
date	14.05.2009	Umberto Arts	Vice President of the Management Board	....
date	14.05.2009	Lidia Jabłonowska – Luba	Vice President of the Management Board	....
date	14.05.2009	Krzysztof Kokot	Vice President of the Management Board	....
date	14.05.2009	Michał Oziembło	Vice President of the Management Board	....

Signature of a person responsible for keeping the accounting books

date	14.05.2009	Grzegorz Kędzior	Director of Accounting and External Reporting Department	....