Interim Consolidated Financial Statements

of Kredyt Bank S.A. Capital Group

for the First Quarter of 2011 Prepared in Accordance with

the International Financial Reporting Standard

I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF KREDYT BANK S.A. CAPITAL GROUP

1. Consolidated Income Statement

in PLN '000	**1st quarter of 2011** **01.01.2011-31.03.2011**	**1st quarter of 2010** **01.01.2010-31.03.2010**
Interest income	558 853	534 835
Interest expense	-273 487	-258 256
Net interest income	**285 366**	**276 579**
Fee and commission income	101 310	101 769
Fee and commission expense	-21 240	-21 360
Net fee and commission income	**80 070**	**80 409**
Dividend income	5	253
Net trading income	20 400	23 487
Net result on derivatives used as hedging instruments and hedged items	-158	515
Net gains from investment activities	110	3 654
Other operating income	26 623	24 859
Total operating income	**412 416**	**409 756**
General and administrative expenses	-232 323	-224 883
Other operating expenses	-15 021	-9 322
Total operating expenses	**-247 344**	**-234 205**
Net impairment losses on financial assets, other assets and provisions	11 471	-97 589
Net operating income	**176 543**	**77 962**
Share in profit of associates	821	664
Profit before tax	**177 364**	**78 626**
Income tax expense	-43 340	-19 069
Net profit from continued operations	**134 024**	**59 557**
Net profit from discontinued operations	0	0
Net profit	**134 024**	**59 557**
Including:		
Attributable to the Shareholders of the Bank	**134 024**	**59 557**
Attributable to non-controlling interests	0	0
Weighted average number of ordinary shares	271 658 880	271 658 880
Earnings per ordinary share (in PLN)	0.49	0.22

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

2. Consolidated Statement of Comprehensive Income

in PLN '000	**1st quarter of 2011 01.01.2011-31.03.2011**	**1st quarter of 2010 01.01.2010-31.03.2010**
Net profit for the period	**134 024**	**59 557**
Other comprehensive income		
Valuation of financial assets available-for-sale	-40 889	85 505
- including deferred tax	9 591	-20 057
Effects of valuation of derivatives designated for cash flow hedge	-10 066	21 765
- including deferred tax	2 361	-5 105
Other comprehensive income (loss) recognised directly in equity	**-50 955**	**107 270**
Total comprehensive income (loss)	**83 069**	**166 827**
Including:		
Attributable to the Shareholders of the Bank	**83 069**	**166 827**
Attributable to non-controlling interests	0	0

3. Consolidated Balance Sheet

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Assets			
Cash and balances with Central Bank	1 041 666	1 943 636	1 115 311
Gross loans and advances to banks	1 550 168	1 466 249	431 145
Impairment losses on loans and advances to banks	-9	-2 260	-2 260
Receivables arising from repurchase transactions	815 350	87 218	32 235
Financial assets designated upon initial recognition as at fair value through profit or loss	118 716	118 562	121 709
Financial assets held for trading (excluding derivatives)	2 409 845	1 601 283	1 211 599
Derivatives, including:	355 772	463 159	609 538
- derivatives used as hedging instruments	51 508	74 340	79 942
Gross loans and advances to customers	29 038 917	29 108 520	26 775 188
Impairment losses on loans and advances to customers	-1 900 852	-1 914 000	-1 651 728
Investment securities:	11 892 594	9 467 240	10 064 842
- available-for-sale	8 111 177	6 219 461	7 348 342
- held-to-maturity	3 781 417	3 247 779	2 716 500
Investments in associates valued using the equity method	16 000	15 179	12 620
Property, plant and equipment	271 531	290 444	330 657
Intangible assets	52 994	50 201	48 456
Deferred tax asset	335 736	350 387	179 514
Current tax receivable	18 435	0	18 638
Non-current assets held for sale	2 080	7 070	0
Investment properties	223 302	225 668	235 277
Other assets	124 105	95 690	102 903
Total assets	**46 366 350**	**43 374 246**	**39 635 644**

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Liabilities			
Amounts due to Central Bank	2	6	207 997
Amounts due to banks	12 485 135	12 150 706	10 327 072
Liabilities arising from repurchase transactions	1 876 486	228 693	146 873
Financial liabilities held for trading (excluding derivatives)	9 999	0	0
Derivatives, including:	1 111 222	1 131 078	577 243
- derivatives used as hedging instruments	1 077	1 274	806
Amounts due to customers	26 695 702	25 660 758	24 505 063
Current tax liability	151	155 197	286
Provisions	89 871	92 811	59 501
Deferred tax liability	842	869	1 335
Other liabilities	295 939	214 804	266 465
Subordinated liabilities	889 708	911 100	788 399
Total liabilities	**43 455 057**	**40 546 022**	**36 880 234**

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Equity			
Share capital	1 358 294	1 358 294	1 358 294
Supplementary capital	889 340	889 340	784 039
Revaluation reserve	8 466	59 421	112 986
Reserves	400 942	400 942	340 942
Retained earnings (loss)	120 227	-65 709	99 592
Current net profit (loss) attributable to the Shareholders of the Bank	134 024	185 936	59 557
Total equity attributable to the Shareholders of the Bank	**2 911 293**	**2 828 224**	**2 755 410**
Attributable to non-controlling interests	0	0	0
Total equity	**2 911 293**	**2 828 224**	**2 755 410**
Total equity and liabilities	**46 366 350**	**43 374 246**	**39 635 644**

Capital adequacy ratio (%)	12.19	12.51	12.36
Number of shares	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	10.72	10.41	10.14

4. Consolidated Off-Balance Sheet Items

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Liabilities granted and received			
Liabilities granted:	**6 467 040**	**6 038 697**	**5 696 387**
- financial	4 300 655	3 958 357	3 764 600
- guarantees	2 166 385	2 080 340	1 931 787
Liabilities received:	**1 539 576**	**2 085 702**	**2 227 419**
- financial	513 037	1 007 341	1 079 673
- guarantees	1 026 539	1 078 361	1 147 746
Liabilities related to the sale / purchase transactions	**187 835 292**	**134 779 591**	**93 932 104**
Other:	**8 620 293**	**7 950 015**	**7 195 619**
- collateral received	8 620 293	7 950 015	7 195 619

5. Statement of Changes in Consolidated Equity

Changes in the period from 1 January to 31 March 2011

in PLN '000	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (loss)	Net profit (loss) for the period	Total equity attributable to Shareholders of the Bank	Total equity attributable to non-controlling interests	Total equity
Equity at the opening balance - as of 01.01.2011	**1 358 294**	**889 340**	**59 421**	**400 942**	**120 227**	**0**	**2 828 224**	**0**	**2 828 224**
Valuation of financial assets available-for-sale			-50 480				-50 480		-50 480
Effects of valuation of derivatives designated for cash flow hedge			-12 427				-12 427		-12 427
Deferred tax on items recognised in equity			11 952				11 952		11 952
Net profit (loss) recognised directly in the equity			**-50 955**				**-50 955**		**-50 955**
Net profit (loss) for the period						134 024	134 024		134 024
Total of recognised income and expenses			**-50 955**			**134 024**	**83 069**		**83 069**
Equity at the end of the period - as of 31.03.2011	**1 358 294**	**889 340**	**8 466**	**400 942**	**120 227**	**134 024**	**2 911 293**	**0**	**2 911 293**

Changes in the period from 1 January to 31 December 2010

in PLN '000	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (loss)	Net profit (loss) for the period	Total equity attributable to Shareholders of the Bank	Total equity attributable to non-controlling interests	Total equity
Equity at the opening balance - as of 01.01.2010	**1 358 294**	**784 039**	**5 716**	**340 942**	**99 592**	**0**	**2 588 583**	**0**	**2 588 583**
Valuation of financial assets available-for-sale			52 521				52 521		52 521
Effects of valuation of derivatives designated for cash flow hedge			13 781				13 781		13 781
Deferred tax on items recognised in equity			-12 597				-12 597		-12 597
Net profit (loss) recognised directly in the equity			**53 705**				**53 705**		**53 705**
Net profit (loss) for the period						185 936	185 936		185 936
Total of recognised income and expenses			**53 705**			**185 936**	**239 641**		**239 641**
Profit allowance		105 301		60 000	-165 301				0
Equity at the end of the period - as of 31.12.2010	**1 358 294**	**889 340**	**59 421**	**400 942**	**-65 709**	**185 936**	**2 828 224**	**0**	**2 828 224**

Changes in the period from 1 January to 31 March 2010

in PLN '000	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (loss)	Net profit (loss) for the period	Total equity attributable to Shareholders of the Bank	Total equity attributable to non-controlling interests	Total equity
Equity at the opening balance - as of 01.01.2010	**1 358 294**	**784 039**	**5 716**	**340 942**	**99 592**	**0**	**2 588 583**	**0**	**2 588 583**
Valuation of financial assets available-for-sale			105 562				105 562		105 562
Effects of valuation of derivatives designated for cash flow hedge			26 870				26 870		26 870
Deferred tax on items recognised in equity			-25 162				-25 162		-25 162
Net profit (loss) recognised directly in the equity			**107 270**				**107 270**		**107 270**
Net profit (loss) for the period						59 557	59 557		59 557
Total of recognised income and expenses			**107 270**			**59 557**	**166 827**		**166 827**
Equity at the end of the period - as of 31.03.2010	**1 358 294**	**784 039**	**112 986**	**340 942**	**99 592**	**59 557**	**2 755 410**	**0**	**2 755 410**

6. Consolidated Cash Flow Statement

in PLN '000	**1st quarter of 2011 01.01.2011-31.03.2011**	**1st quarter of 2010 01.01.2010-31.03.2010**
Cash flow from operating activities		
Net profit (loss)	**134 024**	**59 557**
Adjustments to net profit (loss) and net cash from operating activities:	**1 433 892**	**1 267 086**
Current and deferred tax recognised in financial result	43 340	19 069
Non-realised profit (loss) from currency translation differences	-19 145	-59 728
Depreciation	23 987	26 379
Share in profit (loss) of associates	-821	-664
Net increase/decrease in impairment	-15 676	70 100
Dividends	-5	-253
Interest	-88 057	-56 498
Net increase/decrease in provisions	-2 940	5 584
Profit (loss) on disposal of investments	-451	-3 139
Net increase/decrease in operating assets (excluding cash)	**-1 404 682**	**890 055**
Net increase/decrease in loans and advances to banks	10 521	25 525
Net increase/decrease in financial assets designated upon initial recognition as at fair value through profit or loss	-154	33 691
Net increase/ decrease in financial assets held for trading	-814 975	32 500
Valuation of derivatives (except for derivatives used as hedging instruments	84 555	-13 927
Net increase/decrease in receivables arising from repurchase transactions	-728 132	299 640
Net increase/decrease in gross loans and advances to customers	69 603	522 556
Paid/received income tax	-18 435	-18 638
Net increase/decrease in other assets	-7 665	8 708
Net increase/decrease in operating liabilities	**2 898 342**	**376 181**
Net increase/decrease in amounts due to Central Bank	-4	-1 113 805
Net increase/decrease in amounts due to banks	316 182	-776 204
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	-19 659	38 535
Net increase/decrease in liabilities held for trading (excluding derivatives)	9 999	0
Net increase/decrease in amounts due to customers	1 034 930	2 035 909
Net increase/decrease in liabilities arising from repurchase transactions	1 647 793	146 873
Net increase/decrease in other liabilities	80 965	83 276
Paid/received income tax	-171 864	-38 403
Net cash flow from operating activities	**1 567 916**	**1 326 643**

in PLN '000	**1st quarter of 2011** **01.01.2011-31.03.2011**	**1st quarter of 2010** **01.01.2010-31.03.2010**
Cash flow from investing activities		
Inflows	**14 524 960**	**4 238 934**
Disposal of property, plant and equipment, intangible assets and investment properties	1 199	894
Disposal of interests in equity investments classified as available-for-sale	0	0
Disposal of investment securities	14 517 640	4 231 317
Dividends	5	253
Interest received	6 116	6 470
Outflows	**-16 889 260**	**-5 355 632**
Acquisition of property, plant and equipment, intangible assets and investment properties	-11 292	-11 331
Acquisition of interests in equity investments classified as available-for-sale	0	0
Acquisition of investment securities	-16 877 968	-5 344 301
Net cash flows from investing activities	**-2 364 300**	**-1 116 698**
Cash flow from financing activities		
Inflows	**11 368**	**21 830**
Proceeds from a subordinated loan	0	0
Proceeds from loans and advances	11 368	21 830
Outflows	**-22 514**	**-25 260**
Repayment of loans and advances	0	0
Other financial outflows	-22 514	-25 260
Net cash flow from financing activities	**-11 146**	**-3 430**

Net increase/decrease in cash	**-807 530**	**206 515**
Cash at the beginning of the period	**2 401 443**	**1 191 141**
Cash at the end of the period, including:	**1 593 913**	**1 397 656**
Restricted cash	1 132 644	797 294

7. Basis of preparation

Pursuant to Article 55 Clause 5 of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2009, No. 152, item 1223 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 2011 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 IAS/IFRS must comply with the Act and the provisions of the Ordinance by the Minister of Finance dated 19 February 2009 on current and interim information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2009, No. 33, item 259).

8. The Group’s financial standing at the end of the first quarter of 2011

8.1. Income Statement

The Group’s net profit/loss

In the first quarter of 2011, the Group generated net profit amounting to PLN 134,024 thousand, while net profit generated in the first quarter of 2010 amounted to PLN 59,557 thousand. The significant difference between the net profit generated in the first quarter of 2011 as compared to the first quarter of 2010 results mainly from:

- the increase in net interest income by PLN 8,787 thousand;
- the decrease in net impairment losses on financial assets, other assets and provisions by PLN 109,060 thousand;

all of which have been partially set off with:

- the decrease in net gains from trading and investment activities, net result on derivatives used as hedging instruments and hedged items and dividend income by PLN 7,552 thousand;
- the decrease in net gains from other operating income/expenses by PLN 3,935 thousand;
- an increase in the deduction due to the income tax by PLN 24,271 thousand;
- the increase in general and administrative expenses by PLN 7,440 thousand.

The major impact on the Group’s net gains as at 31.03.2011 has a recognition in the consolidated income statement for the first quarter of 2011 of estimated result related to the sale of retail loan portfolio.

Excluding the estimates related to the transaction, Group’s net profit for the end of the first quarter of 2011 amounts to PLN 82,517 thousand meaning an increase by 38.6% as compared to result of the first quarter of 2010. More information on the transaction, including its influence on respective categories of consolidated income statement, has been described in note I.13 below.

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

in PLN '000	1st quarter of 2011	1st quarter of 2010	Change (%)
Net interest income	285 366	276 579	3.2%
Net fee and commission income	80 070	80 409	-0.4%
Net gains from trading and investment activities*	20 357	27 909	-27.1%
Net gains from other operating income/expenses	11 602	15 537	-25.3%
Total	**397 395**	**400 434**	**-0.8%**
General and administrative expenses	-232 323	-224 883	3.3%
Net impairment losses on financial assets, other assets and provisions	11 471	-97 589	-
Total	**-220 852**	**-322 472**	**-31.5%**
Share in profit (loss) of associates	821	664	23.6%
Profit (loss) before tax	**177 364**	**78 626**	**125.6%**
Income tax expense	-43 340	-19 069	127.3%
Net profit (loss)	**134 024**	**59 557**	**125.0%**

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

Net interest, fee and commission income

Net interest income generated by the Group in the first quarter of 2011 amounted to PLN 285,366 thousand and was higher by PLN 8,787 thousand than the corresponding figure in the first quarter of 2010, mainly due to the increase in net interest income on securities by PLN 23,076 set off by the decrease in net interest income on receivables and liabilities to customers (including banks) by PLN 12,801 thousand.

Net interest income generated by the Bank in the first quarter of 2011 amounted to PLN 276,581 thousand and was higher by PLN 37,975 thousand than the corresponding figure in the first quarter of 2010, mainly due to the increase in net interest income on securities by PLN 23,076 and by the increase in net interest income on receivables and liabilities to customers (including banks) by PLN 16,652 thousand.

The difference in net interest income generated on the Group level, compared to net income generated by the Bank, is a result of amortising on the consolidated level of fee and commission income on sale of loans via Żagiel S.A. generated until December 2009 (e.g. until the moment of sale of Żagiel S.A. outside Kredyt Bank S.A. Group).

Net fee and commission income generated by the Group in the first quarter of 2011 amounted to PLN 80,070 thousand and was at a similar level as in the first quarter of 2010 (decrease by 0.4%).

Net gains from trading and investment activities

In the first quarter of 2011, net gains from trading and investment activities, including net result on derivatives used as hedging instruments and hedged items as well as dividend income, amounted to PLN 20,357 thousand as compared to PLN 27,909 thousand recorded in the first quarter of 2010. The lower result in this category as compared to the corresponding period of the previous year was mainly an effect of a lower result on the transactions on investment activities by PLN 3,544 thousand and a decrease of a result on the transactions on securities classified as 'Financial assets held for trading' by PLN 6,352 thousand compensated by an increase of a result on derivatives by PLN 3,643 thousand.

Net gains from other operating income/expenses

Net gains from other operating activities in the first quarter of 2011 amounted to PLN 11,602 thousand and were lower by 25.3% than the figure in the first quarter of 2010. In the first quarter of 2011, as compared to the first quarter of 2010, higher debt recovery expenses in the retail segment by PLN 3,386 thousand were recorded.

General and administrative expenses

in PLN '000	1st quarter of 2011	1st quarter of 2010	Change (%)
Staff costs	**105 086**	**101 427**	**3.6%**
General expenses, including:	**103 250**	**97 077**	**6.4%**
- costs of buildings lease	21 020	20 705	1.5%
- IT and telecommunications fees	19 215	15 974	20.3%
- costs of buildings maintenance and renovations	4 867	4 809	1.2%
- energy costs	5 450	5 627	-3.1%
- advisory and specialist services costs	7 047	4 921	43.2%
- postal fees	6 376	7 288	-12.5%
- transportation services	3 476	3 493	-0.5%
- property protection expenses	1 852	2 255	-17.9%
- taxes and fees	25 695	21 862	17.5%
- promotion and advertising services	1 500	4 217	-64.4%
- purchase of other materials	571	689	-17.1%
- training expenses	703	550	27.8%
- business trips	527	355	48.5%
- other	4 951	4 332	14.3%
Depreciation	**23 987**	**26 379**	**-9.1%**
Total	**232 323**	**224 883**	**3.3%**

Employment*	31.03.2011	31.03.2010	Change	Change (%)
KB	4 811	4 741	70	1%
Other companies	86	89	-3	-3%
Total	**4 897**	**4 830**	**67**	**1%**

** Figures in FTEs.*

In the first quarter of 2011, staff costs amounted to PLN 105,086 thousand, which means an increase as compared to the first quarter of 2010 by PLN 3,659 thousand (3.6%). The main reason of the increase in staff costs in the first quarter of 2010 is higher costs of salaries by PLN 3,124 thousand.

In the first quarter of 2010 the Group's general expenses, except for staff costs, amounted to PLN 103,250 thousand and, as compared to the first quarter of 2010, were higher by PLN 6,173 thousand (6.4%).

It was mainly due to the increase in:

- taxes and fees (PLN 3,833 thousand), mainly due to higher fee on Bank Guarantee Fund;
- IT and telecommunications fees (PLN 3,241 thousand);
- advisory and specialist services costs (PLN 2,126 thousand);

set off with a decrease in:

- promotion and advertising services costs (PLN 2,717 thousand);
- postal fees (PLN 912 thousand);
- property protection expenses (PLN 403 thousand).

Cost/income ratio (CIR)

In the first quarter of 2011 the cost/income ratio amounted to 58.5% and had improved from 56.2% as compared to corresponding period in the previous year. The growth of the ratio results mainly from a rise in general and administrative expenses (3.3%), mentioned above.

Net impairment losses on financial assets, other assets and provisions

in PLN '000	**1st quarter of 2011**	**1st quarter of 2010**
Retail Segment*	7 477	-80 790
Corporate Segment*	4 802	-7 241
Other provisions*	-808	-9 558
Result on provisions	**11 471**	**-97 589**

** Due to the differences in the segmentation and the recognition of net impairment losses on financial assets, other assets and provisions between the financial reporting and the management information, the above note does not reconcile directly with the note concerning operating segments. The explanation for the differences has been presented in Note I.8.7 of this report.*

In the first quarter of 2011, the Group recorded a positive balance of net impairment losses on financial assets, other assets and provisions of PLN 11,471 thousand, as compared to the negative balance in the first quarter of 2010 amounting to PLN 97,589 thousand.

The positive balance of impairment losses for the Retail Segment results from recognised in the first quarter of 2011, reversal of provisions on retail receivables equal to PLN 84,445 thousand related to the sale of the receivables portfolio described in detail in the point I.13 of the financial statements.

The positive balance of impairment losses for the Corporate Segment is linked with the improvement in the business environment, which caused a lower level of impairment losses and a greater scale of repayments of receivables with evidence for impairment.

Corporate income tax

The debit due to the income tax in the Group in the first quarter of 2011 amounted to PLN 43,340 thousand, as compared to the deduction from the Group's profit in the first quarter of 2010 of PLN 19,069 thousand. The effective tax rate in the first quarter of 2011 was at the level of 24.4% and was distorted due to the write-offs of a deferred tax asset related to the sale of the retail receivables portfolio that is described in the point I.13. Whereas in the first quarter of 2010 the effective tax rate was at the level of 24.3% and was distorted mainly by non-taxable financial expenses as a result of 'thin capitalisation' and impairment losses being non-deductible expenditure (i.e. classified as permanent differences).

8.2. Assets and liabilities

Gross loans and advances to customers

The value of gross loans and advances to customers at the end of the first quarter of 2011 increased by PLN 2.3 billion (8.5%) as compared to the corresponding period in the previous year; and as compared to the end of 2010 it has not changed significantly.

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

Investment securities portfolio

The increase in the carrying amount of debt securities at the end of the first quarter 2011, as compared to the end of the fourth quarter of 2010, resulted mainly from the increase in the value of the Bank's long-term amounts due to customers, which, according to the methodology applied in KBC Group, are reinvested in debt securities for 1-5 years.

Amounts due to banks and subordinated liabilities

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Loans and advances from KBC Group	5 558 178	5 650 993	6 640 444
- including loans and advances in foreign currencies	*5 307 880*	*5 340 993*	*6 016 573*
Term deposits	2 851 154	2 922 345	1 753 656
- including term deposits from KBC Group	*2 833 711*	*2 909 169*	*1 630 857*
Current accounts	4 070 425	3 573 391	1 928 121
Other liabilities	5 378	3 977	4 851
Total amounts due to banks	**12 485 135**	**12 150 706**	**10 327 072**
Subordinated liabilities (from KBC Group)	889 708	911 100	788 399
Total	**13 374 843**	**13 061 806**	**11 115 471**

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

Customers' deposits portfolio

Customers' deposits portfolio at the end of the first quarter of 2011 increased by 8.9% as compared to the end of the first quarter of 2010, and by 4.0% as compared to the end of 2010. In the last 12 months the largest increase in deposits was recorded in the portfolio of current accounts by ca. PLN 3.0 billion (mainly savings accounts).

Details concerning the deposits portfolio have been presented in sections I.8.2.1 and 8.I.2.2 below.

8.2.1.Corporate and SME banking

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

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

in PLN ‘000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Corporate and SME customers			
- overdraft facilities	2 016 275	1 624 480	1 601 624
- term loans*	4 386 481	4 407 040	4 948 881
- purchased debt	168 250	121 070	116 962
- realised guarantees	1 329	1 325	5 317
- other receivables (including leasing fees)	544 976	548 589	505 138
Total**	**7 117 311**	**6 702 504**	**7 177 922**

** mainly investment loans and working capital loans*
*** gross amounts (excluding debt securities classified as loans and receivables amounting to PLN 66,570 thousand as at 31.03.2011 and amounting to PLN 67,532 thousand as at 31.12.2010).*

in PLN ‘000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Budgetary Sector			
- overdraft facilities	3 819	2 735	9 646
- term loans*	141 443	164 658	198 946
Total**	**145 262**	**167 393**	**208 592**

** mainly investment loans and working capital loans*
*** gross amounts (excluding debt securities classified as loans and receivables amounting to PLN 66,570 thousand as at 31.03.2011 and amounting to PLN 67,532 thousand as at 31.12.2010).*

The balance of the corporate and SME customers’ loans at the end of the first quarter of 2011 remained at a similar level (a decrease by 0.8%) as compared to the end of the first quarter 2010, and increased by 6.2% as compared to the end of 2010, due to higher exposures in overdraft facilities as the result of intensive customer acquisition campaigns in the first quarter of 2011.

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

in PLN ‘000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Corporate and SME customers			
- current accounts	3 770 302	3 819 591	2 387 067
- term deposits	4 022 249	3 648 005	4 353 628
- including ‘Warta Gwarancja’ product	*749 363*	*706 509*	*692 005*
- loans and advances	197 159	197 122	142
- other	1 306	4 103	53 439
Total	**7 991 016**	**7 668 821**	6 794 276

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Budgetary Sector			
- current accounts	1 262 793	1 359 213	1 313 856
- term deposits	912 544	628 586	987 826
- other	0	0	0
Total	**2 175 337**	**1 987 799**	**2 301 682**

The value of the current accounts portfolio of corporate and SME customers at the end of the first quarter of 2011 increased by PLN 1.4 billion as compared to the first quarter of 2010, which was an effect of competitive interest rate terms offered by the Bank for the products (savings accounts) and intensive customer acquisition campaigns especially in 2010.

The value of the term deposits portfolio of corporate and SME customers at the end of the first quarter of 2011 decreased by PLN 0.3 billion as compared to the first quarter of 2010, which results from the termination of a part of term deposits placed in the first half of 2010 on highly competitive terms.

8.2.2. Retail banking

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

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

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
- overdraft facilities	945 918	860 214	879 468
- purchased debt	16 465	12 841	7 653
- term loans*	763 241	783 239	802 641
- installment loans, cash loans, and cards	4 087 393	4 298 157	4 137 894
- mortgages	15 863 601	16 183 199	13 531 512
- realised guarantees	1 340	1 340	1 519
- other receivables	31 816	32 101	27 987
Total**	**21 709 774**	**22 171 091**	**19 388 674**

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

The balance of retail customers' loans at the end of the first quarter of 2011 as compared to the end of the first quarter of 2010, increased by PLN 2.3 billion (12%), and as compared to the end of 2010, decreased by PLN 0.5 billion (2.1%). The change results mainly from the change of the mortgages balance as at the end of the first quarter of 2011, which increased by PLN 2.3 billion as compared to the end of the first quarter of 2010 (value of granted loans was amounted to PLN 2.2 billion at the said period of time) and decreased by PLN 0.3 billion as compared to the end of 2010.

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

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
- current accounts	12 959 166	12 536 406	11 309 905
- term deposits	3 485 685	3 346 027	4 058 734
- other	84 498	121 705	40 466
Total	**16 529 349**	**16 004 138**	**15 409 105**

The value of the retail customers' deposits portfolio as at 31.03.2011 increased by PLN 1.1 billion (7.3%) as compared to 31.03.2010, and increased by PLN 0.5 billion (3.3%) as compared to 31.12.2010, which resulted from competitive interest rates offered by the Bank for the savings account (presented as the current accounts).

The cash acquired by the Bank from TUnŻ Warta S.A. from the sales of 'Warta Gwarancja' product offered by the insurer to retail customers is recognised in these financial statements in the corporate and SME segment.

Installment and cash loans, and credit cards

Cash loans are offered in the network of the Bank's outlets as well as via Żagiel. Credit cards are offered only in the network of the Bank's outlets, and installment loans used to purchase goods and services are offered only via Żagiel.

Due to adaptation of the Bank's policy to the requirements of T Recommendation, at the end of the fourth quarter of 2010 rules for the assessment of the creditworthiness of customers have been tightened. Moreover, during the first quarter of 2011 a seasonal, observed annually, decline in sales of installment loans for the purchase of goods and services provided via Żagiel was recorded.

in PLN '000	**1st quarter of 2011**	**4th quarter of 2010**	**1st quarter of 2010**
Installment and cash loans, and cards			
Gross value of the portfolio at the end of the quarter, including:	4 087 393	4 298 157	4 137 894
Loans granted via Żagiel			
Gross value of the portfolio at the end of the quarter*	2 331 863	2 451 907	2 479 733
Number of loans granted in the quarter (in '000')**	125	179	145
Value of loans granted in the quarter:**	280 032	389 970	298 508
- installment loans	260 352	365 437	293 562
- cash loans	19 680	24 533	4 946

** including the consolidation adjustment due to EIR*
*** related to installment and cash loans*

in thousands	**31.03.2011**	**31.12.2010**	**31.03.2010**
Credit cards (aggregate for KB and Żagiel S.A.)	199	205	220

Mortgages

Decrease in sales of mortgage loans in the first quarter of 2011 as compared to corresponding period in the previous year and last three months of 2010 was temporary and was a result of several overlapping events.

Changes in the organization of the lending process at the turn of 2010 and 2011, implemented to ensure effective and secure sale in the future, had fundamental impact on negative sales growth of mortgage loans in the first quarter of 2011. Deterioration in sale of mortgage loans was also an effect of the seasonal downturn in the mortgage market observed in the first months of 2011.

In order to bring the Bank's offer to market conditions, new, more favourable loan terms of mortgage products are gradually introduced since February 2011.

in PLN '000	**1st quarter of 2011**	**4th quarter of 2010**	**1st quarter of 2010**
Mortgages			
Gross value of the portfolio at the end of the quarter	15 863 601	16 183 199	13 531 512
Number of loans granted in the quarter (in '000')	0.7	2.0	1.7
Value of loans granted in the quarter*	136 356	400 144	331 721

* new loans

Current accounts for individual clients

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Current accounts			
Carrying amount at quarter end	12 959 166	12 536 406	11 309 905
Including ROR accounts *			
Number (in '000')	635	634	624
Carrying amount	1 146 943	1 156 413	1 108 430
Including Savings Account *			
Number (in '000')	654	617	547
Carrying amount	10 431 109	9 850 124	8 989 697

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

As at 31.03.2011, the number of current-savings accounts (ROR) was at a similar level as compared to figures at 31.12.2010 (an increase by 0.2%) and was higher by 1.8% as compared to figures at 31.03.2010. The carrying amount of cash on ROR accounts for individual customers at the end of the first quarter of 2011 was also at a similar level (a decrease by 0.8%) as at the end of the fourth quarter of 2010 and it increased by 3.5% as compared to the end of the first quarter of 2010.

At the end of the first quarter of 2011, the number of savings accounts increased by 6.0% as compared to the end of the 2010, and by 19.6% as compared to the end of the first quarter of 2010. At the end of the first quarter of 2011, the value of deposited cash increased by 5.9% as compared to figures at the end of the 2010 and by 16.0% as compared to the end of the first quarter of 2010. The increase in the value of cash in the savings account in the last 12 months is an effect of Kredyt Bank's offer of competitive interest rates for this product.

Number of outlets

Decrease of the number of outlets is related to the network restructuring involving, inter alia, merging of outlets to optimise costs and gains on synergy effect.

in units	**31.03.2011**	**31.12.2010**	**31.03.2010**
Bank's outlets	375	381	388

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

Total net assets of KBC TFI funds (excluding non-registered funds) sold as at 31.03.2011 via the Bank's distribution network amounted to PLN 4,370,278 thousand. As compared to the value as at 31.03.2010, they increased by 24.6%, and decreased by 2.7% as compared to the value as at 31.12.2010.

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Net assets of KBC TFI funds (excluding non-registered funds) sold via the Bank's distribution network	4 370 278	4 491 634	3 508 700
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.	78.6%	79.4%	73.8%

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

In the first quarter of 2011 and in the first quarter of 2010, the Group's companies did not issue, redeem or repay any equity securities issued by the Group's companies.

8.5. The quality of loans and advances portfolio

As at 31.03.2011, the quality ratio for the portfolio of the Group's gross loans and advances, understood as 'The share of loans and advances with evidence for impairment in total gross loans and advances', amounted to 9.9% and deteriorated as compared to the first quarter of 2010 (by 0.8 p.p.).

The Group, when estimating credit risk for individual credit exposures and loan portfolios, follows the prudence concept. As at 31.03.2011, the coverage of loans and advances with evidence for impairment with impairment losses was at the level of 61.8% and decreased by 1.8 percentage points as compared to 31.12.2010 and remained at the unchanged level as compared to 31.03.2010.

The level of coverage ratios as at 31.03.2011 had been influenced by the reversal of impairment due to the sale of retail receivables amounting to PLN 84.445 thousand, described in the note I.13.

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Loans and advances with no evidence for impairment	26 167 231	26 286 536	24 325 611
Loans and advances with evidence for impairment	2 871 686	2 821 984	2 449 577
Total gross loan and advances to customers	**29 038 917**	**29 108 520**	**26 775 188**
Impairment losses on loans and advances to customers	1 900 852	1 914 000	1 651 728
including: impairment on loans and advances with evidence for impairment	1 774 078	1 793 562	1 514 471
Total net loans and advances to customers	**27 138 065**	**27 194 520**	**25 123 460**
The share of loans and advances with evidence for impairment in total gross loans and advances	9.9%	9.7%	9.1%
Coverage of loans and advances with evidence for impairment with corresponding impairment	61.8%	63.6%	61.8%
Coverage of gross loans and advances to customers with corresponding impairment	6.5%	6.6%	6.2%

8.6. Capital adequacy ratio

The Group's capital adequacy ratio was calculated in compliance with the regulations of the Polish Financial Supervision Authority in force and, as at 31.03.2011, amounted to 12.19% as compared to 12.36% recorded as at 31.03.2010. The Group applies the standardised approach to credit risk calculation.

As at 31.03.2011, as compared to 31.12.2010, the capital adequacy ratio decreased from 12.51% by 0.32 percentage points.

The ratio calculated only with the use of own basic capitals (Tier 1) amounted to 8.91% as at 31.03.2011, to 9.19% as at 31.03.2010, and to 8.95% as at 31.12.2010.

8.7. Income and results by operating segments

The criterion for separating a segment now includes the method of carrying business and the type and scope of information used by the management in a given entity. An operating segment is a type of activities reviewed regularly by the authorities responsible for making operating decisions, including decisions concerning the method of allocating resources within the reviewed segment. The figures originate from internal reports used by the Bank's management to review the results of the activities of a given segment. The presentation of particular items follows the approach applied in management reporting.

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

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

Retail Segment

Retail Segment, in management terms, incorporates products targeted at individual customers, private banking, as well as Small and Medium-sized Enterprises (SME), whose annual sales revenue does not exceed PLN 1 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, KB24 – an Internet network as well as credit intermediaries operating on the market.

Corporate Segment

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

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

Treasury Segment

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

Other

Income and expenses not assigned to the above segments have been presented as 'Other' segment. This category also includes the results of the operations of Reliz and Kredyt Trade.

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 financing lending activities and interest income from the sales 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 the interest margin. The Bank's Management Board, when making operating decisions, bases them mainly on the interest margin. In addition, particular segments include the costs of financing cash maintained in the Bank's branches.

Net commission income and other net income entails:

- commissions for keeping accounts and transactions;

- commissions related to credit, debit and other cards;

- commissions related to the distribution of the shares of investment funds and other services provided for the benefit of investment funds;

- commissions related to insurance products;

- commissions related to foreign transactions, i.e. export and import payment orders, transfers and guarantees, letters of credit, bill guarantees and cash collections;

- other net income including net income from other commissions and net income from other operating income and expenses.

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

Net income from treasury transactions is the aggregate of the following items from the financial statements:

- net trading income, (including: net increase/decrease in the provisions for potential losses related to open/active derivatives and the valuation of embedded instruments related to the enterprises function) and

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

Net gains from investment activities – the presented item is the sum of the items from the financial statements: net gains from investment activities and dividend income.

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

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

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

Loans and advances to customers – net loans and advances to customers, excluding interest receivables, as well as debt securities classified in the portfolio of loans and receivables.

Loans and advances to banks – net loans and advances to banks, excluding interest receivables, as well as debt securities classified in the portfolio of loans and receivables. The category is presented in the treasury segment.

Securities – this category is presented in the treasury segment, entails debt securities, securities with the right to equity and shares in investment funds, excluding debt securities classified in the portfolio of loans and receivables.

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

Group's net profit for the first quarter of 2011 by business segments (breakdown according to management reporting)

in PLN '000	Retail Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**159 244**	**70 697**	**70 150**	**-4 473**	**295 618**
- lending activities	125 391	45 604	0	-4 489	166 506
- depositing activities	36 386	26 947	0	16	63 349
- the cost of financing cash kept in the Bank's branches	-2 533	-1 854	4 387	0	0
Net commission income and other net income	**41 828**	**27 968**	**0**	**17 147**	**86 943**
- commissions related to keeping accounts and transactions	21 622	12 634	0	139	34 395
- commissions related to cards	17 650	1 171	0	924	19 745
- commissions related to shares in investment funds societies	12 660	731	0	0	13 391
- commissions related to insurance products	-5 226	-58	0	40	-5 244
- commissions related to foreign transactions	9	5 032	0	90	5 131
- other	-4 887	8 458	0	15 954	19 525
Net income from treasury transactions	**9 027**	**10 893**	**-5 596**	**633**	**14 957**
- exchange transactions	9 020	10 282	1 411	684	21 397
- derivatives and securities	7	611	-7 007	-51	-6 440
Net gains from investment activities	**0**	**0**	**110**	**5**	**115**
Operating income before tax	**210 099**	**109 558**	**64 664**	**13 312**	**397 633**
Net impairment losses on financial assets, other assets and provisions	**8 676**	**4 503**	**0**	**-1 946**	**11 233**
Group's general and administrative expenses, including:	**-167 221**	**-47 837**	**-11 849**	**-5 416**	**-232 323**
- the costs of the operation of business functions (direct costs)	-94 808	-30 621	-6 892	-76 015	-208 336
- allocated expenses	-54 562	-14 518	-3 866	72 946	0
- depreciation (direct costs)	-11 363	-972	-631	-11 021	-23 987
- depreciation (allocated costs)	-6 488	-1 726	-460	8 674	0
Net operating income	**51 554**	**66 224**	**52 815**	**5 950**	**176 543**
Share in profit (loss) of associates					821
Income tax expense					-43 340
Net profit (loss)					**134 024**

Group's net profit for the first quarter of 2010 by business segments (breakdown according to management reporting)

in PLN '000	Retail Segment	Corporate Segment	Treasury Segment	Other	Total
Net interest income, including:	**181 951**	**65 955**	**39 498**	**-1 509**	**285 895**
- lending activities	153 688	43 216	0	-1 525	195 379
- depositing activities	30 636	24 622	0	16	55 274
- the cost of financing cash kept in the Bank's branches	-2 373	-1 883	4 256	0	0
Net commission income and other net income	**52 973**	**23 084**	**0**	**10 217**	**86 274**
- commissions related to keeping accounts and transactions	21 352	12 232	0	336	33 920
- commissions related to cards	22 593	1 118	0	-2 710	21 001
- commissions related to shares in investment funds societies	11 768	648	0	0	12 416
- commissions related to insurance products	-2 928	-76	0	0	-3 004
- commissions related to foreign transactions	60	3 671	0	114	3 845
- other	128	5 491	0	12 477	18 096
Net income from treasury transactions	**6 787**	**12 324**	**1 129**	**-639**	**19 601**
- exchange transactions	6 763	11 819	3 215	522	22 319
- derivatives and securities	24	505	-2 086	-1 161	-2 718
Net gains from investment activities	**0**	**0**	**3 654**	**253**	**3 907**
Operating income before tax	**241 711**	**101 363**	**44 281**	**8 322**	**395 677**
Net impairment losses on financial assets, other assets and provisions	**-80 830**	**-2 688**	**0**	**-9 314**	**-92 832**
Group's general and administrative expenses, including:	**-166 852**	**-39 825**	**-12 241**	**-5 965**	**-224 883**
- the costs of the operation of business functions (direct costs)	-99 443	-27 011	-7 717	-64 333	-198 504
- allocated expenses	-46 966	-10 414	-3 446	60 826	0
- depreciation (direct costs)	-13 474	-855	-567	-11 483	-26 379
- depreciation (allocated costs)	-6 969	-1 545	-511	9 025	0
Net operating income	**-5 971**	**58 850**	**32 040**	**- 6 957**	**77 962**
Share in profit (loss) of associates					664
Income tax expense					-19 069
Net profit (loss)					**59 557**

The allocation of assets by business segments as at 31.03.2011

in PLN '000	**Retail Segment**	**Corporate Segment**	**Treasury Segment**	**Other**	**Total**
Loans and advances to customers	19 113 032	7 929 836	0	0	27 042 868
Loans and advances to banks	0	0	1 549 374	0	1 549 374
Securities	0	0	14 421 155	0	14 421 155
Other	0	0	355 772	2 997 181	3 352 953
Total	**19 113 032**	**7 929 836**	**16 326 301**	**2 997 181**	**46 366 350**

The allocation of assets by business segments as at 31.12.2010

in PLN '000	**Retail Segment**	**Corporate Segment**	**Treasury Segment**	**Other**	**Total**
Loans and advances to customers	19 536 318	7 559 754	0	0	27 096 072
Loans and advances to banks	0	0	1 463 279	0	1 463 279
Securities	0	0	11 187 085	0	11 187 085
Other	0	0	463 159	3 164 651	3 627 810
Total	**19 536 318**	**7 559 754**	**13 113 523**	**3 164 651**	**43 374 246**

The allocation of assets by business segments as at 31.03.2010

in PLN '000	**Retail Segment**	**Corporate Segment**	**Treasury Segment**	**Other**	**Total**
Loans and advances to customers	17 020 823	8 011 391	0	0	25 032 214
Loans and advances to banks	0	0	427 155	0	427 155
Securities	0	0	11 398 150	0	11 398 150
Other	0	0	609 538	2 168 587	2 778 125
Total	**17 020 823**	**8 011 391**	**12 434 843**	**2 168 587**	**39 635 644**

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

in PLN '000	**01.01.2011-31.03.2011**
Net interest income – management information	**295 618**
- commissions on loans	11 039
+ operating expenses (interest on finance lease)	-226
+ operating income (the recovery of statutory interest)	5 212
+ commissions related to foreign transactions	156
- structured deposit – interest adjustment	4 354
+ other	-1
Net interest income – financial statements	**285 366**
Net commission income and other net income – management information	**86 943**
+ commissions on loans	11 039
- operating expenses (interest on finance lease)	-226
- operating income (the recovery of statutory interest)	5 212
- commissions related to foreign transactions	156
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	1 169
- other	-1
Net commission income and other income – financial statements – presented as:	**91 672**
Net fee and commission income	80 070
Other operating income	26 623
Other operating expenses	-15 021
Net income from treasury transactions – management information	**14 957**
+ net increase/decrease in provisions for potential losses related to active derivatives	-238
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	1 169
+ structured deposit – interest adjustment	4 354
Net trading income and net result on derivatives used as hedging instruments - financial statements – presented as:	**20 242**
Net trading income	20 400
Net result on derivatives used as hedging instruments and hedged items	-158
Net gains from investment activities – management information	**115**
Net gains from investment activities and dividend income - financial statements – presented as:	**115**
Net gains from investment activities	110
Dividend income	5
Operating income before tax – management information	**397 633**
+ net increase/decrease in provisions for potential losses related to active derivatives	-238
Operating income before tax – financial statements – presented as:	**397 395**
Total operating income	412 416
Other operating expenses	-15 021
Net impairment losses on financial assets, other assets and provisions – management information	**11 233**
- net increase/decrease in provisions for potential losses related to active derivatives	-238
Net impairment losses on financial assets, other assets and provisions – financial statements	**11 471**

in PLN '000	01.01.2010-31.03.2010
Net interest income – management information	**285 895**
- commissions on loans	11 615
+ operating expenses (interest on finance lease)	-442
+ operating income (the recovery of statutory interest)	2 655
+ commissions related to foreign transactions	61
+ other	25
Net interest income – financial statements	**276 579**
Net commission income and other net income – management information	**86 274**
+ commissions on loans	11 615
- operating expenses (interest on finance lease)	-442
- operating income (the recovery of statutory interest)	2 655
- commissions related to foreign transactions	61
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-356
- other	25
Net commission income and other income – financial statements – presented as:	**95 946**
Net fee and commission income	80 409
Other operating income	24 859
Other operating expenses	-9 322
Net income from treasury transactions – management information	**19 601**
+ net increase/decrease in provisions for potential losses related to active derivatives	4 757
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-356
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**24 002**
Net trading income	23 487
Net result on derivatives used as hedging instruments and hedged items	515
Net gains from investment activities – management information	**3 907**
Net gains from investment activities and dividend income – financial statements – presented as:	**3 907**
Net gains from investment activities	3 654
Dividend income	253
Operating income before tax – management information	**395 677**
+ net increase/decrease in provisions for potential losses related to active derivatives	4 757
Operating income before tax – financial statements – presented as:	**400 434**
Total operating income	409 756
Other operating expenses	-9 322
Net impairment losses on financial assets, other assets and provisions – management information	**-92 832**
- net increase/decrease in provisions for potential losses related to active derivatives	4 757
Net impairment losses on financial assets, other assets and provisions – financial statements	**-97 589**

in PLN '000	**Management information**	**Interest**	**Financial statements**
31.03.2011			
Net loans and advances to customers	27 042 868	95 197	27 138 065
Net loans and advances to banks	1 549 374	785	1 550 159
31.12.2010			
Net loans and advances to customers	27 096 072	98 448	27 194 520
Net loans and advances to banks	1 463 279	710	1 463 989
31.03.2010			
Net loans and advances to customers	25 032 214	91 246	25 123 460
Net loans and advances to banks	427 155	1 730	428 885

in PLN '000	**31.03.2011**
Securities – management information	**14 421 155**
Securities – financial statements – presented as:	**14 421 155**
Financial assets which, at the time of initial recognition, were designated as measured at fair value through profit or loss	118 716
Held-for-trading financial assets (excluding derivatives)	2 409 845
Investment securities	11 892 594

	31.12.2010
Securities – management information	**11 187 085**
Securities – financial statements – presented as:	**11 187 085**
Financial assets which, at the time of initial recognition, were designated as measured at fair value through profit or loss	118 562
Held-for-trading financial assets (excluding derivatives)	1 601 283
Investment securities	9 467 240

	31.03.2010
Securities – management information	**11 398 150**
Securities – financial statements – presented as:	**11 398 150**
Financial assets which, at the time of initial recognition, were designated as measured at fair value through profit or loss	121 709
Held-for-trading financial assets (excluding derivatives)	1 211 599
Investment securities	10 064 842

9. Information on dividend

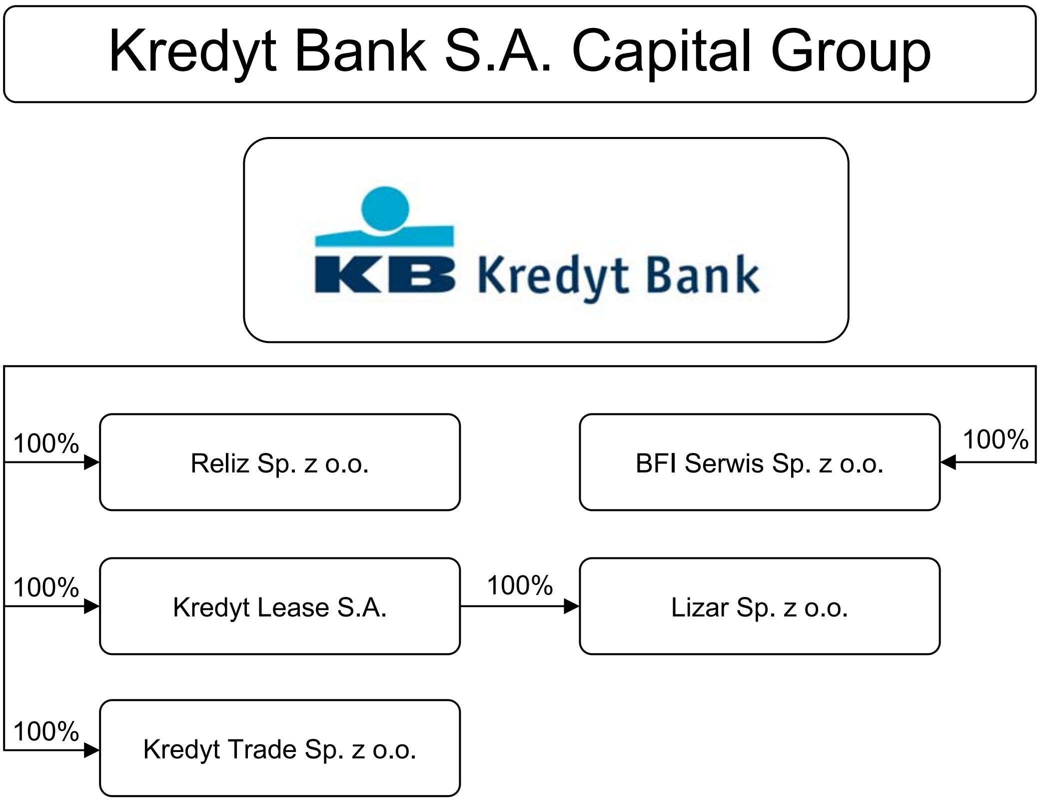
The Supervisory Board at its meeting held on 4.04.2011 approved a Draft Resolution on 2010 profit distribution for the purpose of Ordinary General Meeting of Shareholders of Kredyt Bank S.A. The Draft Resolution on the profit distribution for the year 2010 assumes a dividend payment equal to PLN 0.37 gross per share. The total proposed dividend will be equal to PLN 100,513,785.60 and 271,658,880 shares series from A to W of Kredyt Bank S.A. will be entitled to a dividend. The proposed day of dividend declaration will be 14.06.2011 and the proposed day of dividend payment will be 30.06.2011.

The final decision on 2010 net profit distribution will be taken by the General Meeting of Shareholders of Kredyt Bank S.A.

10. Group's structure

Kredyt Bank S.A. 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 31.03.2011.



As at 31.03.2011, the following companies were consolidated with the full method: Kredyt Lease S.A., Kredyt Trade Sp. z o.o. and Reliz Sp. z o.o.

As at 31.03.2011, as compared to 31.03.2010, due to the sale of the shares of Net Fund Administration Sp. z o.o. in the second quarter of 2010, the composition of the Capital Group had changed.

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. and BFI Serwis Sp. z o.o.

11. Comparable data

Comparable data included in this financial report for previous reporting periods take into account presentation changes introduced to the financial statements as of 31.03.2011.

Consolidated Balance Sheet

in PLN '000	**Published data**	**Change**	**Comparable data**
	31.03.2010		**31.03.2010**
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 333 308	-1 333 308	0
Financial assets which, at the time of initial recognition, were designated as measured at fair value through profit or loss	0	+121 709	121 709
Held-for-trading financial assets (excluding derivatives)	0	+1 211 599	1 211 599

Clarifications:

- a separate presentation in the balance sheet of financial assets which, at the time of initial recognition, were designated as measured at fair value through profit or loss as well as of held-for-trading financial assets (excluding derivatives).

12. 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 at 31.12.2010, except for the change of a method of accounting for certain income and expense on sale of credit products, including income on sale of insurance of cash credits and expenses relating to cooperation with local credit intermediaries. At present the above income and expense are amortised over time using the effective interest rate method, while previously they were recognised directly in the income statement. The above-mentioned change has had no material impact on the result of the first quarter of 2011.

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 recognised 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;
- the value of deferred tax assets;
- provisions.

12.1. Classification and measurement of financial assets and liabilities

The description of accounting principles and accounting estimates applied in the Group is presented in the consolidated financial statements of the Group as at 31.12.2010. Below, we only present the details concerning the most important items in the Group's financial statements.

Financial assets and liabilities at fair value through profit or loss

This category includes:

- 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. This category includes as well derivatives;
- financial assets or liabilities which, at the time of initial recognition, were designated by the Group's subsidiaries 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 recognised in the profit/loss on financial operations.

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

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

Derivatives with positive fair value as at the date of measurement are recognised 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, other than:

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

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

c) meeting the definition of loans and receivables.

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

Loans and receivables

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

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

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

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

Loans 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 commissions (commissions received less commissions paid) are settled over time with the use of the effective interest rate method and are recognised in interest income. The commission settled on a straight-line basis is recognised in fee and commission income. Impairment charge is recognised 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 recognised in revaluation reserve until the financial asset is derecognised or impairment is recognised; then accumulated gains/losses included in equity are recognised in the income statement. In the case of debt securities, interest income and discount or premium is settled over time in net interest income with the use of the effective interest rate method.

If fair value cannot be determined (especially in case of shares), assets are recognised at cost less impairment. The impairment loss is recognised in the income statement in correspondence with accounts of provisions which adjust assets value.

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

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

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 recognised in the balance sheet at amortised cost with the application of the effective interest rate method.

Hedge accounting

Hedge accounting recognises 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;
- in the case of the cash flow hedge, the planned hedged transaction must be highly probable and must be subject to the threat of changes in the cash flow which, as a result, may affect the income statement;
- the hedge effectiveness may be assessed reliably, i.e. fair value or cash flows attributable to the hedged item resulting from the hedged risk and the fair value of the hedging instrument may be measured reliably;
- the hedge is assessed on an ongoing basis and is found highly effective in all reporting periods in which the hedge was established.

Fair value hedge, which meets hedge accounting conditions, is recognised 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 recognised in the income statement.

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

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

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

Effective interest rate method

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;
- financial liabilities not held for trading;
- financial assets for which fair value cannot be determined reliably, except for available-for-sale financial assets carried at cost, having regard for impairment losses.

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 Group 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 credit 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 the impairment loss.

12.2. Value of deferred tax assets

The Group's subsidiaries recognise a deferred tax liability for all temporary differences whereas the deferred tax asset is recognised to the amount, which is justified by financial projections approved by the Management Boards of the Group's companies concerning the possibility of realizing this asset.

12.3. Investment properties

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

12.4. Available-for-sale financial assets

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

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

13. Events after the reporting period

On 26.04.2011 the Management Board of Kredyt Bank S.A. informed that on 26.04.2011 Kredyt Bank S.A. and BEST III Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamkniety (“BEST III NSFIZ”) with BEST Towarzystwo Funduszy Inwestycyjnych S.A. acting on its behalf, concluded the agreement on the sale of receivables.

The agreement provides for the sale of retail receivables portfolio of Kredyt Bank S.A. (“Portfolio”) which includes 423,849 of receivables with the total nominal value as at 31.03.2011 amounting to PLN 1,169.7 mio. The net book value of the Portfolio, after reversal of impairment losses, amounted to PLN 137.2 mio as at 31.03.2011.

The transfer of the Portfolio will take place in two parts, including: Batch A, which will be transferred to BEST III NSFIZ until 31.05.2011 and Batch B, which will be transferred to BEST III NSFIZ until 26.10.2011.

The transfer of the portfolio will take place under condition, that Kredyt Bank will receive from BEST III NSFIZ the payment of the final price until 31.05.2011.

The final price for the Portfolio will be decreased by the sum of all the inflows received by Kredyt Bank S.A. due to the partial or total repayment of receivables included in the Portfolio during the period from 1.04.2011 until the day preceding the transfer day of each batch.

The final price for each batch of receivables will be settled within 14 working days after the transfer of each batch.

In connection with deferred term of portfolio transfer, Kredyt Bank S.A. will establish a registered pledge on the Batch A as well as Batch B in order to secure claims arising from bonds issued by BEST III NSFIZ to finance the transaction.

The positive impact of the transaction for the net result of Kredyt Bank S.A. Group, based on data as at 31.03.2011 including anticipated, future repayments, amounts to PLN 51,507 thousand and it was recognised in the net results of the first quarter of 2011 in accordance with IAS 39. Pursuant to IAS 39 (paragraph 63 and AG89) historical levels of loan loss recoveries for receivables evaluated collectively were adjusted on the basis of current observable data (including, in particular, the offered price of the portfolio) to reflect the effects of current conditions on impairment losses, that did not affect the period, on which the historical data on losses are based. Moreover, pursuant to BC124, estimation methods should be adjusted to reduce differences between estimates of future cash flows and actual cash flows.

The table below presents the impact of the described transaction on the particular categories of the Group consolidated income statement.

in PLN ‘000

Net interest income	-4 313
Net impairment losses on financial assets, other assets and provisions	80 445*
Profit before tax	76 132
Income tax expense	-24 625
Net profit	**51 507**

* includes PLN 4,000 thousand: transaction costs, which influence estimates of recoveries of the sale of receivables portfolio

Derecognition of receivables and appropriate impairment losses out of Bank’s balance sheet took place on the date of signing the agreement, as since that day all risk and rewards relating to the assets have been transferred on the BEST III NSFIZ according to IAS 39.

No other significant events, which should be disclosed in the financial statements had place from the balance sheet date to the publication date of these financial statements.

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

The table below presents the list of major shareholders of Kredyt Bank S.A. as at 31.03.2011.

Shareholder	Line of business	Number of shares and votes at GMS	Share in votes and in share capital (in %)
KBC Bank NV* – a subsidiary of KBC Group*	Banking	217 327 103	80.00
Pioneer Fundusz Inwestycyjny Otwarty	Investment fund	20 040 203	7.38

** 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.*

In accordance with information received from KBC Bank NV and KBC Group NV on 8.02.2011 and 15.02.2011:

- KBC Securities NV – a subsidiary of KBC Bank NV –sold all the shares of Kredyt Bank S.A., it had held previously;

  Before the transaction KBC Securities NV held 11,751,771 shares representing 4.33% of the share capital and votes at the General Meeting of Shareholders of Kredyt Bank S.A. After the transaction KBC Securities NV holds no shares of Kredyt Bank S.A.

- KBC Insurance NV – a subsidiary of KBC Group NV – sold all the shares of Kredyt Bank S.A., it had held previously;

  Before the transaction KBC Insurance NV held 7,860,918 shares representing 2.89% of the share capital and votes at the General Meeting of Shareholders of Kredyt Bank S.A. After the transaction KBC Insurance NV holds no shares of Kredyt Bank S.A.

KBC Bank NV continues to hold 217,327,103 shares representing 80% of the votes.

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

As of both 31.03.2011 and 31.03.2010, 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.

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

In the first quarter of 2011, the companies of the Group were not a party to any proceedings before a court, an authority competent for arbitration proceedings or a public administration authority, where the amount(s) claimed would amount to at least 10% of the Bank's (Issuer's) equity.

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

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

- The State Treasury requested for determination whether the syndicated loan agreement concluded between LFO and the syndicate of five banks had expired on 28.02.1998 as a result of the occurrence of a contractual condition, and, as a result, the commitment of the State Treasury as the guarantor of the loan under the guarantor's agreement had expired as well. The State Treasury is represented by the General Public Prosecutor's Office of the State Treasury. Experts' opinions and auxiliary opinions were prepared and additional witnesses were questioned. In the first quarter of 2007, the State Treasury changed the lawsuit and claimed PLN 8,207 thousand including interest. The parties exchanged pleadings. In the fourth quarter of 2008, the Court requested the Bank to submit documents concerning the debt collection process carried out against the State Treasury on the basis of a banking executory title with the enforceability clause. The Bank delivered the required documents to the court. In September 2010, the Court ordered the Bank to hand over the documents confirming the launch of the loan (the launches dates and amounts) to an accounting expert. In the first quarter of 2011, there were no developments as regards the proceedings.
- 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 District 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. 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. In the first quarter of 2011, there were no developments as regards the proceedings.

- 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 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 authorised 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 District Court to be re-examined. The first hearing at which the positions of the parties were established was held on 25.07.2008. At the hearing on 3.07.2009, the Court continued the examination of the facts concerning the original bank transfer orders. At the hearing held on 30.12.2009, the Court dismissed the lawsuit of the trustee in bankruptcy, adjudging for the Bank the reimbursement of the costs of the proceedings, including the costs of legal representation. The trustee in bankruptcy appealed against the judgment. The Bank replied to the appeal. On 09.11.2010, the District Court dismissed the appeal of the trustee, taking the decision in the case in favour of the Bank. The plaintiff can appeal for cassation from a judgement of 9.11.2010. In the first quarter of 2011, there were no developments as regards the said proceedings.
- 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:

- he 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 S.A. and Kredyt Bank S.A. 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. On 31.01.2007 Kredyt Bank S.A. complained against this decision 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 District 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. At the hearing held on 22.04.2010, the Court issued a judgment by which it overruled the favourable for Bank judgment of the District Court and referred the case to the District Court to be re-examined. In the first quarter of 2011, there were no developments as regards the said proceedings.

- 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 recognise the agreement on the transfer of ownership title to ‘Altus’ building by Business Center 2000 Sp. z o.o. (‘BC 2000’) to Reliz Sp. z o.o. as effective. The value of the subject of litigation amounts to PLN 46 million.

On 31.07.2009, the District Court announced the judgment on fraudulent conveyance proceedings, which ascertained the ineffectiveness, towards MZH, of the sale agreement concerning ‘Altus’ building concluded between the building owner and Reliz Sp. z o.o. The Bank filed a petition for preparing and providing a judgment with a justification lodging means of appeal. On 12.03.2010, the Court of appeal overruled the judgment of the District Court and referred the case to the District Court to be reconsidered. On 16.06.2010, as a result of the re-examination of the case, the District Court in Katowice issued a judgment which ascertained the ineffectiveness, towards MZH, of the sale agreement concerning the real estate with ‘Altus’ building in relation to MZH’s claims up to the amount of PLN 45,980,560. Having received the judgment with the justification, an appeal to the judgment of 16.06.2010 was made. At the hearing on 13.04.2011, the Court closed the proceedings and rendered its judgment dismissing the appeal of Reliz Sp. z o.o. The sentence of 13.04.2011 affirms the judgment of the District Court in Katowice of 16.06.2010 ascertaining the ineffectiveness of the sale of ‘Altus’ building agreement between Business Center 2000 Sp. z o.o. and Reliz Sp. z o.o. Attorney of Reliz Sp. z o.o. asked for the judgment with the justification.

Bank’s legal advisor has analysed potential claims and those covered by Court proceedings lodged by MZH against BC 2000, which, in case of admission, might be satisfied from the said real property. In the legal advisor’s opinion a part of potential claims is prescribed. In accordance with Bank’s best knowledge, MZH holds binding judgments against BC 2000 awarding PLN 28,478,503.08.

- 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 28.09.2010, the District Court in Warsaw issued a judgment on the dismissal of the plaintiff's lawsuit against Kredyt Bank S.A. and HSBC Bank Polska S.A. The plaintiff made an appeal to this decision, and the Bank replied to it. The Court put on an appeal trial ex officio. In the first quarter of 2011, there were no developments as regards the said proceedings.
- 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 by interest. On 9.04.2010, the Court dismissed the plaintiff's lawsuit. On 15.07.2010, the Bank received the plaintiff's appeal to which the Bank replied. As a result of examining the appeal, the Court rendered its judgment dismissing the plaintiff's claim, affirming a judgment of a Court of first instance. The plaintiff is entitled to appeal for cassation of the said judgment.
- On 23.12.2010, a plaintiff filed a lawsuit against Kredyt Bank S.A. questioning the validity of the settlements of option transactions made between July 2008 and August 2009. The plaintiff claims and accuses the Bank of, inter alia, unauthorised financial advisory and persuading him to make the transactions, the failure to exercise due diligence, the contradiction between the option transaction structure and the hedging function of such transactions. On 30.12.2010, the District Court in Gliwice issued an order for the Bank, delivered to the Bank on 13.01.2011, to pay the claimed amount to the plaintiff. The Bank's representatives filed an objection to the payment order. The filing of the objection will result in the re-examination of the case, within the normal procedure of fact-finding proceedings.
- The plaintiff – a company from meat processing industry – filed a lawsuit against Kredyt Bank S.A. questioning the validity of the settlements of option transactions amounting to PLN 9,468,362, especially put options settled by the Bank. The plaintiff claims and accuses the Bank of, inter alia, Bank misleading the contractor, abuse of stronger contract position and violation of social intercourse. The Bank's representatives prepare 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.

17. Related party transactions

In the first quarter of 2011 and the first quarter of 2010, there were no related party transactions concluded by the Bank or its subsidiaries, which were not concluded on market terms.

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

Balance sheet as at 31.03.2011

Assets	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.03.2011
Loans and advances to banks	0	17 656	1 349	19 005
Derivatives	0	49 068	10 842	59 910
Loans and advances to customers	206	0	146	352
Other assets	2 545	6	9 374	11 925
Total assets	**2 751**	**66 730**	**21 711**	**91 192**

* including WARTA Group

Liabilities	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.03.2011
Amounts due to banks	0	8 837 518	2 863 354	11 700 872
Derivatives	0	84 340	20 791	105 131
Amounts due to customers	27 572	0	1 395 814	1 423 386
Subordinated liabilities	0	889 708	0	889 708
Other liabilities	0	1 566	6 261	7 827
Total liabilities	**27 572**	**9 813 132**	**4 286 220**	**14 126 924**

* including WARTA Group

Off-balance sheet items	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.03.2011
Granted financing liabilities	0	0	240 150	240 150
Guarantees granted	0	221 125	140 423	361 548
Received financing liabilities	0	461 142	20 000	481 142
Guarantees received	0	818 266	122 224	940 490
Derivatives	0	13 828 350	2 225 228	16 053 578
Collaterals received	0	0	11 400	11 400
Total off-balance sheet items	**0**	**15 328 883**	**2 759 425**	**18 088 308**

* including WARTA Group

Income	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for the first quarter of 2011
Interest income**	0	2 037	442	2 479
Commission income	4 510	62	9 969	14 541
Other operating income	4	5	2 692	2 701
Total income	**4 514**	**2 104**	**13 103**	**19 721**

* including WARTA Group
** commissions settled according to EIR

Expenses	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for the first quarter of 2011
Interest expense	245	19 571	16 280	36 096
Commission expense	0	-101	-4 972	-5 073
Net trading income	-28	16 110	-2 540	13 542
General and administrative expenses, as well as other operating expenses	0	889	9 844	10 733
Total expenses	**217**	**36 469**	**18 612**	**55 298**

* including WARTA Group

Balance sheet as at 31.12.2010

Assets	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.12.2010
Loans and advances to banks	0	88 777	17 538	106 315
Derivatives	0	91 481	9 810	101 291
Loans and advances to customers	20 204	0	83 203	103 407
Other assets	1 915	87	10 142	12 144
Total assets	**22 119**	**180 345**	**120 693**	**323 157**

* including WARTA Group

Liabilities	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.12.2010
Amounts due to banks	0	8 465 593	2 902 893	11 368 486
Derivatives	0	193 330	28 534	221 864
Amounts due to customers	24 591	0	1 420 876	1 445 467
Subordinated liabilities	0	911 100	0	911 100
Other liabilities	0	1 088	11 585	12 673
Total liabilities	**24 591**	**9 571 111**	**4 363 888**	**13 959 590**

* including WARTA Group

Off-balance sheet items	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.12.2010
Granted financing liabilities	0	0	240 150	240 150
Guarantees granted	0	219 376	152 992	372 368
Received financing liabilities	0	977 267	0	977 267
Guarantees received	0	875 070	116 196	991 266
Derivatives	0	12 094 379	2 559 963	14 654 342
Total off-balance sheet items	**0**	**14 166 092**	**3 069 301**	**17 235 393**

* including WARTA Group

Balance sheet as at 31.03.2010

Assets	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.03.2010
Loans and advances to banks	0	277 270	3 009	280 279
Derivatives	0	85 743	23 615	109 358
Loans and advances to customers	0	0	2 802	2 802
Other assets	965	74	9 489	10 528
Total assets	**965**	**363 087**	**38 915**	**402 967**

* including WARTA Group

Liabilities	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.03.2010
Amounts due to banks	0	6 205 298	3 341 942	9 547 240
Derivatives	0	125 794	33 325	159 119
Amounts due to customers	21 740	0	1 344 829	1 366 569
Subordinated liabilities	0	788 399	0	788 399
Other liabilities	0	2 637	18 238	20 875
Total liabilities	**21 740**	**7 122 128**	**4 738 334**	**11 882 202**

* including WARTA Group

Off-balance sheet items	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total as at 31.03.2010
Granted financing liabilities	0	0	239 348	239 348
Guarantees granted	0	281 847	163 424	445 271
Received financing liabilities	0	1 007 646	0	1 007 646
Guarantees received	0	933 884	116 769	1 050 653
Derivatives	0	8 425 515	2 657 198	11 082 713
Collaterals received	0	0	51 399	51 399
Total off-balance sheet items	**0**	**10 648 892**	**3 228 138**	**13 877 030**

* including WARTA Group

Income	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for the first quarter of 2010
Interest income**	0	2 398	189	2 587
Commission income	3 151	71	12 796	16 018
Other operating income	31	26	1 871	1 928
Total income	**3 182**	**2 495**	**14 856**	**20 533**

* including WARTA Group
** commissions settled according to EIR

Expenses	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)*	Total for the first quarter of 2010
Interest expense	65	16 356	20 590	37 011
Commission expense	0	93	-4 988	-4 895
Net trading income	0	38 308	21 474	59 782
General and administrative expenses, as well as other operating expenses	0	1 189	6 069	7 258
Total expenses	**65**	**55 946**	**43 145**	**99 156**

* including WARTA Group

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

As of 31.03.2011, the Bank issued guarantees with the total value of at least 10% of the Bank's equity, to one company. The guarantees were issued for the total amount of PLN 459,053 thousand.

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

As of 31.03.2010, 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 325,114 thousand.

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

19. Seasonality or cyclical nature of operations

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

20. Non-typical factors and events

In the first quarter of 2011 and in the first quarter of 2010, non-typical 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.

21. 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 4.04.2011, the President of Supervisory Board of Kredyt Bank S.A. received the letter informing that Mr Gert Rammeloo, in connection with the decision to return to Belgium, has resigned from standing for the Bank's Management Board for the next term of office starting after the day the next Ordinary General Meeting of Shareholders of the Bank is held.

In February 2011, the Bank signed two credit line agreements with the European Investment Bank under which it obtained EUR 150 mio of long-term financing. The Bank will allocate all the funds to provide attractive financing in the form of loans, leasing and municipal bonds to entrepreneurs and local government units. The details of the signed agreements are available in the current report of 09.02.2011.

There is no other information, which is material for the assessment of the Issuer's staff, assets, financial situation, financial results and their changes, or information material for the assessment of the potential satisfaction of the Issuer's commitments.

22. 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.

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

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

- only a moderate acceleration of the economic growth rate resulting in the risk of no significant improvement of the situation on the labour market and, as a result, of the internal demand, which limits the chances of an increase in the loans portfolio and the improvement of its quality as well as in the development of institutional customers;

- a persisting upward trend concerning the prices of raw materials, which may have a negative impact upon the economic and financial situation of a part of institutional customers;
- the impact of the implementation of new recommendations/regulations of the Polish Financial Supervision Authority upon the growth rate of the portfolio of mortgage loans and its profitability;
- currency risk – on the one hand, significant depreciation of PLN resulting from greater risk aversion on financial markets, which may result in the deterioration of the quality of mortgage loans; on the other hand, significant appreciation of PLN which results in the deterioration of the situation of exporters and, as a result, in the possible deterioration of the quality of the loans portfolio of institutional customers;
- changes of market interest rates and margins concerning bank products;
- persisting high costs of long-term liquidity both in PLN and in foreign currencies.

II. INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS OF KREDYT BANK S.A.

1. Income Statement

in PLN '000	1st quarter of 2011 01.01.2011-31.03.2011	1st quarter of 2010 01.01.2010-31.03.2010
Interest income	547 201	495 379
Interest expense	-270 620	-256 773
Net interest income	**276 581**	**238 606**
Fee and commission income	101 216	101 599
Fee and commission expense	-21 238	-21 353
Net fee and commission income	**79 978**	**80 246**
Dividend income	5	253
Net trading income	20 022	22 924
Net result on derivatives used as hedging instruments and hedged items	-158	515
Net gains from investment activities	110	3 655
Other operating income	14 707	13 458
Total operating income	**391 245**	**359 657**
General and administrative expenses	-223 565	-216 089
Other operating expenses	-12 370	-8 313
Total operating expenses	**-235 935**	**-224 402**
Net impairment losses on financial assets, other assets and provisions	13 017	-86 072
Net operating income	**168 327**	**49 183**
Profit (loss) before tax	**168 327**	**49 183**
Income tax expense	-41 553	-11 595
Net profit (loss) from continued operations	**126 774**	**37 588**
Net profit from discontinued operations	0	0
Net profit (loss)	**126 774**	**37 588**
Weighted average number of ordinary shares	271 658 880	271 658 880
Earnings per ordinary share (in PLN)	0.47	0.14

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

2. Statement of Comprehensive Income

in PLN '000	**1st quarter of 2011 01.01.2011-31.03.2011**	**1st quarter of 2010 01.01.2010-31.03.2010**
Net profit (loss) for the period	**126 774**	**37 588**
Other comprehensive income		
Valuation of financial assets available-for-sale	-40 889	85 505
- including deferred tax	9 591	-20 057
Effects of valuation of derivatives designated for cash flow hedge	-10 066	21 765
- including deferred tax	2 361	-5 105
Other comprehensive income (loss) recognised directly in equity	**-50 955**	**107 270**
Total comprehensive income (loss) for the period	**75 819**	**144 858**
Including:		
Attributable to the Shareholders of the Bank	**75 819**	**144 858**

3. Balance Sheet

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Assets			
Cash and balances with Central Bank	1 041 601	1 943 571	1 115 309
Gross loans and advances to banks	1 550 168	1 466 249	431 145
Impairment losses on loans and advances to banks	-9	-2 260	-2 260
Receivables arising from repurchase transactions	815 350	87 218	32 235
Financial assets designated upon initial recognition as at fair value through profit or loss	98 801	98 849	102 641
Financial assets held for trading (excluding derivatives)	2 409 845	1 601 283	1 211 599
Derivatives, including:	355 772	463 159	609 538
- derivatives used as hedging instruments	51 508	74 340	79 942
Gross loans and advances to customers	28 819 992	28 901 536	26 737 689
Impairment losses on loans and advances to customers	-1 862 586	-1 875 759	-1 616 724
Investment securities:	11 889 902	9 464 547	10 060 780
- available-for-sale	8 108 485	6 216 768	7 344 280
- held-to-maturity	3 781 417	3 247 779	2 716 500
Investments in subsidiaries, associates and jointly controlled entities	64 626	64 626	65 995
Property, plant and equipment	273 147	291 922	341 552
Intangible assets	54 620	51 827	50 815
Deferred tax asset	313 946	327 776	147 719
Receivable income tax	18 435	0	18 638
Non-current assets held for sale	2 080	7 070	0
Investment properties	18 163	18 217	20 769
Other assets	121 101	90 424	98 411
Total assets	**45 984 954**	**43 000 255**	**39 425 851**

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Liabilities			
Amounts due to Central Bank	2	6	207 997
Amounts due to banks	12 094 464	11 771 404	10 055 035
Liabilities arising from repurchase transactions	1 876 486	228 693	146 873
Financial liabilities held for trading (excluding derivatives)	9 999	0	0
Derivatives, including:	1 111 222	1 131 078	577 243
- derivatives used as hedging instruments	1 077	1 274	806
Amounts due to customers	26 755 067	25 710 004	24 560 129
Current tax liability	0	152 959	0
Provisions	66 669	70 878	29 017
Other liabilities	288 275	206 890	264 001
Subordinated liabilities	889 708	911 100	788 399
Total liabilities	**43 091 892**	**40 183 012**	**36 628 694**

in PLN '000	**31.03.2011**	**31.12.2010**	**31.03.2010**
Equity			
Share capital	1 358 294	1 358 294	1 358 294
Supplementary capital	887 347	887 347	782 046
Revaluation reserve	8 466	59 421	112 986
Reserves	400 942	400 942	340 942
Retained earnings (loss)	111 239	0	165 301
Current net profit (loss) attributable to the Shareholders of the Bank	126 774	111 239	37 588
Total equity	**2 893 062**	**2 817 243**	**2 797 157**
Total equity and liabilities	**45 984 954**	**43 000 255**	**39 425 851**

Capital adequacy ratio (%)	12.40	12.85	12.80
Number of shares	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	10.65	10.37	10.30

4. Off-Balance Sheet Items

in PLN '000	31.03.2011	31.12.2010	31.03.2010
Liabilities, granted and received			
Liabilities granted:	**6 658 374**	**6 224 202**	**5 817 431**
- financial	4 501 219	4 153 019	3 894 647
- guarantees	2 157 155	2 071 183	1 922 784
Liabilities received:	**1 539 576**	**2 129 702**	**2 227 419**
- financial	513 037	1 051 341	1 079 673
- guarantees	1 026 539	1 078 361	1 147 746
Liabilities related to the sale/purchase transactions	**187 835 292**	**134 779 591**	**93 932 104**
Other:	**8 024 221**	**7 353 944**	**6 613 067**
- collateral received	8 024 221	7 353 944	6 613 067

5. Statement of Changes in Shareholders' Equity

Changes in the period from 1 January to 31 March 2011

in PLN '000	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (loss)	Net profit (loss) for the period	Total equity
Equity at the opening balance – as of 01.01.2011	**1 358 294**	**887 347**	**59 421**	**400 942**	**111 239**	**0**	**2 817 243**
Valuation of financial assets available-for-sale			-50 480				-50 480
Effects of valuation of derivatives designated for cash flow hedge			-12 427				-12 427
Deferred tax on items recognised in equity			11 952				11 952
Net profit (loss) recognised directly in the equity			**-50 955**				**-50 955**
Net profit (loss) for the period						126 774	126 774
Total of recognised income and expenses			**-50 955**			**126 774**	**75 819**
Equity at the end of the period – as of 31.03.2011	**1 358 294**	**887 347**	**8 466**	**400 942**	**111 239**	**126 774**	**2 893 062**

Changes in the period from 1 January to 31 December 2010

in PLN '000	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (loss)	Net profit (loss) for the period	Total equity
Equity at the opening balance – as of 01.01.2010	**1 358 294**	**782 046**	**5 716**	**340 942**	**165 301**	**0**	**2 652 299**
Valuation of financial assets available-for-sale			52 521				52 521
Effects of valuation of derivatives designated for cash flow hedge			13 781				13 781
Deferred tax on items recognised in equity			-12 597				-12 597
Net profit (loss) recognised directly in the equity			**53 705**				**53 705**
Net profit (loss) for the period						111 239	111 239
Total of recognised income and expenses			**53 705**			**111 239**	**164 944**
Profit allowance		105 301		60 000	-165 301		0
Equity at the end of the period – as of 31.12.2010	**1 358 294**	**887 347**	**59 421**	**400 942**	**0**	**111 239**	**2 817 243**

Changes in the period from 1 January to 31 March 2010

in PLN '000	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (loss)	Net profit (loss) for the period	Total equity
Equity at the opening balance – as of 01.01.2010	**1 358 294**	**782 046**	**5 716**	**340 942**	**165 301**	**0**	**2 652 299**
Valuation of financial assets available-for-sale			105 562				105 562
Effects of valuation of derivatives designated for cash flow hedge			26 870				26 870
Deferred tax on items recognised in equity			-25 162				-25 162
Net profit (loss) recognised directly in the equity			**107 270**				**107 270**
Net profit (loss) for the period						37 588	37 588
Total of recognised income and expenses			**107 270**			**37 588**	**144 858**
Equity at the end of the period – as of 31.03.2010	**1 358 294**	**782 046**	**112 986**	**340 942**	**165 301**	**37 588**	**2 797 157**

6. Cash Flow Statement

in PLN '000	1st quarter of 2011 01.01.2011-31.03.2011	1st quarter of 2010 01.01.2010-31.03.2010
Cash flow from operating activities		
Net profit (loss)	**126 774**	**37 588**
Adjustments to net profit (loss) and net cash from operating activities:	**1 454 732**	**1 312 841**
Current and deferred tax recognised in financial result	41 553	11 595
Non-realised profit (loss) from currency translation differences	-19 145	-59 728
Depreciation	21 456	23 746
Net increase/decrease in impairment	-15 699	70 753
Dividends	-5	-253
Interest	-87 499	-55 669
Net increase/decrease in provisions	-4 209	-2 392
Profit (loss) on disposal of investments	-2 473	-3 207
Net increase/decrease in operating assets (excluding cash)	**-1 392 113**	**943 476**
Net increase/decrease in loans and advances to banks	10 521	25 525
Net increase/decrease in financial assets designated upon initial recognition as at fair value through profit or loss	48	34 195
Net increase/ decrease in financial assets held for trading and derivatives	-814 975	32 501
Valuation of derivatives, except for derivatives used as hedging instruments	84 555	-13 927
Net increase/decrease in receivables arising from repurchase transactions	-728 132	299 640
Net increase/decrease in gross loans and advances to customers	81 544	574 778
Net increase/decrease in current tax receivable	-18 435	-18 638
Net increase/decrease in other assets	-7 239	9 402
Net increase/decrease in operating liabilities	**2 912 866**	**384 520**
Net increase/decrease in amounts due to Central Bank	-4	-1 113 805
Net increase/decrease in amounts due to banks	315 946	-776 618
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	-19 659	38 535
Net increase/decrease in liabilities held for trading (excluding derivatives)	9 999	0
Net increase/decrease in amounts due to customers	1 045 049	2 038 443
Net increase/decrease in liabilities arising from repurchase transactions	1 647 793	146 873
Net increase/decrease in other liabilities	82 525	88 240
Paid/received income tax	-168 783	-37 148
Net cash flow from operating activities	**1 581 506**	**1 350 429**

in PLN '000	**1st quarter of 2011** **01.01.2011-31.03.2011**	**1st quarter of 2010** **01.01.2010-31.03.2010**
Cash flow from investing activities		
Inflows	**14 524 233**	**4 238 971**
Disposal of property, plant and equipment, intangible assets and investment properties	472	931
Disposal of interests in equity investments classified as available-for-sale	0	0
Disposal of investment securities	14 517 640	4 231 317
Dividends	5	253
Interest received	6 116	6 470
Outflows	**-16 889 148**	**-5 355 588**
Acquisition of property, plant and equipment, intangible assets and investment properties	-11 180	-11 287
Acquisition of interests in equity investments classified as available-for-sale	0	0
Acquisition of investment securities	-16 877 968	-5 344 301
Net cash flows from investing activities	**-2 364 915**	**-1 116 617**
Cash flow from financing activities		
Inflows	**0**	**0**
Proceeds from a subordinated loan	0	0
Proceeds from loans and advances	0	0
Outflows	**-24 121**	**-27 297**
Repayment of loans and advances	0	0
Other financial outflows	-24 121	-27 297
Net cash flow from financing activities	**-24 121**	**-27 297**
Net increase/decrease in cash	**-807 530**	**206 515**
Cash at the beginning of the period	**2 401 378**	**1 191 139**
Cash at the end of the period, including:	**1 593 848**	**1 397 654**
Restricted cash	1 132 644	797 294

7. Notes to the interim condensed standalone financial statements

Accounting principles and methods of carrying accounting estimates adopted at the preparation of the interim condensed standalone financial statements of the Bank comply with the accounting principles adopted for the interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group, which were described in section I.12., except for the valuation of associates which, in the Group's consolidated financial statements, are measured with the equity method.

Signatures of the Members of the Management Board

date	12.05.2011	Piotr Sztrauch	Vice President of the Management Board	....
date	12.05.2011	Krzysztof Kokot	Vice President of the Management Board	....

Signature of a person responsible for keeping the accounting books

date	12.05.2011	Grzegorz Kędzior	Director of Accounting and External Reporting Department	....