



**Consolidated Financial Statements  
of Kredyt Bank S.A. Capital Group  
for the Third Quarter of 2010 Prepared in Accordance with  
the International Financial Reporting Standards**

## Contents

I.	Interim Condensed Consolidated Financial Statements .....	3
1.	Consolidated Income Statement .....	3
2.	Consolidated Statement of Comprehensive Income .....	4
3.	Consolidated Balance Sheet .....	5
4.	Off-balance Sheet Items .....	7
5.	Statement of Changes in Consolidated Equity .....	8
6.	Consolidated Cash Flow Statement .....	11
7.	Basis of preparation .....	13
8.	The Group's financial standing at the end of the third quarter of 2010 .....	13
9.	Information on dividend .....	38
10.	Group's structure .....	38
11.	Comparable data .....	39
12.	Description of applied accounting principles and material accounting estimates .....	40
13.	Post-balance sheet events .....	44
14.	Information on shareholders holding over 5% stake in the share capital and votes at GMS .....	45
15.	The Bank's shares and the shares in the Group's subsidiaries held by the Management Board and the Supervisory Board Members .....	45
16.	Information on proceedings before a court, an authority competent for arbitration proceedings or a public administration authority .....	45
17.	Related party transactions .....	48
18.	Information on loan guarantees or sureties issued by the Issuer or its subsidiary .....	48
19.	Seasonality or cyclical nature of operations .....	48
20.	Non-typical factors and events .....	49
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 .....	49
22.	The Management Board's position on the possible realization of previously published forecasts of financial results .....	49
23.	Factors that may affect the Group's future financial results .....	49
II.	Interim condensed standalone financial statements of Kredyt Bank S.A. ....	50
1.	Income Statement .....	50
2.	Statement of Comprehensive Income .....	51
3.	Balance Sheet .....	52
4.	Off-balance Sheet Items .....	54
5.	Statement of Changes in Equity .....	55
6.	Cash Flow Statement .....	58
7.	Notes to the interim condensed standalone financial statements .....	59

# I. Interim Condensed Consolidated Financial Statements

## 1. Consolidated Income Statement

	3 <sup>rd</sup> quarter of 2010	Three quarters of 2010	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009
<i>in PLN '000'</i>	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009
Interest income	557 584	1 644 229	557 244	1 742 736
Interest expense	-273 862	-813 428	-286 520	-955 875
<b>Net interest income</b>	<b>283 722</b>	<b>830 801</b>	<b>270 724</b>	<b>786 861</b>
Fee and commission income	111 523	312 671	113 286	318 156
Fee and commission expense	-27 509	-71 998	-31 241	-90 183
<b>Net fee and commission income</b>	<b>84 014</b>	<b>240 673</b>	<b>82 045</b>	<b>227 973</b>
Dividend income	49	1 841	32	1 629
Net trading income	45 058	100 535	42 009	127 624
Net result on derivatives used as hedging instruments and hedged items	-131	465	470	557
Net gains from investment activities	2 723	6 407	-87	3 830
Other operating income	31 919	76 837	31 779	91 439
<b>Total operating income</b>	<b>447 354</b>	<b>1 257 559</b>	<b>426 972</b>	<b>1 239 913</b>
General and administrative expenses	-234 773	-686 688	-245 416	-763 961
Other operating expenses	-15 813	-37 795	-9 969	-29 755
<b>Total operating expenses</b>	<b>-250 586</b>	<b>-724 483</b>	<b>-255 385</b>	<b>-793 716</b>
Net impairment losses on financial assets, other assets and provisions	-121 575	-360 547	-156 370	-429 701
<b>Net operating income</b>	<b>75 193</b>	<b>172 529</b>	<b>15 217</b>	<b>16 496</b>
Share in profit (loss) of associates	928	2 143	808	1 505
<b>Profit (loss) before tax</b>	<b>76 121</b>	<b>174 672</b>	<b>16 025</b>	<b>18 001</b>
Income tax expense	-20 594	-45 833	-5 656	-3 579
<b>Net profit (loss) from continued operations</b>	<b>55 527</b>	<b>128 839</b>	<b>10 369</b>	<b>14 422</b>
Net profit (loss) from discontinued operations	0	0	0	0
<b>Net profit (loss)</b>	<b>55 527</b>	<b>128 839</b>	<b>10 369</b>	<b>14 422</b>
Including:				
<b>Attributable to the Shareholders of the Bank</b>	<b>55 527</b>	<b>128 839</b>	<b>10 369</b>	<b>14 422</b>
Attributable to non-controlling Shareholders	0	0	0	0
Weighted average number of ordinary shares	271 658 880	271 658 880	271 658 880	271 658 880
Earnings per ordinary share (in PLN)	0.20	0.47	0.04	0.05

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

	3 <sup>rd</sup> quarter of 2010	Three quarters of 2010	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009
<i>in PLN '000'</i>	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009
<b>Net profit/loss for the period</b>	<b>55 527</b>	<b>128 839</b>	<b>10 369</b>	<b>14 422</b>
Valuation of financial assets available-for-sale	33 244	77 539	24 023	-10 583
- including deferred income tax	-7 799	-18 188	-5 636	2 482
Effects of valuation of derivatives designated for cash flow hedge	93	21 321	2 392	-70 676
- including deferred income tax	-21	-5 001	-561	16 578
<b>Other comprehensive income recognized directly in equity</b>	<b>33 337</b>	<b>98 860</b>	<b>26 415</b>	<b>-81 259</b>
<b>Comprehensive income (losses)</b>	<b>88 864</b>	<b>227 699</b>	<b>36 784</b>	<b>-66 837</b>
Including:				
<b>Attributable to the Shareholders of the Bank</b>	<b>88 864</b>	<b>227 699</b>	<b>36 784</b>	<b>-66 837</b>
Attributable to non-controlling Shareholders	0	0	0	0

### 3. Consolidated Balance Sheet

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Assets</b>				
Cash and balances with Central Bank	1 114 487	1 441 062	1 175 453	894 261
Gross loans and advances to banks	1 328 016	1 216 184	190 013	222 506
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 260	-2 260
Receivables arising from repurchase transactions	410 900	0	331 875	10 076
Financial assets designated upon initial recognition as at fair value through profit or loss	127 097	123 478	155 400	111 942
Financial assets held for trading (excluding derivatives)	1 986 818	1 590 660	1 179 949	1 551 675
Derivatives including:	486 001	591 221	571 410	739 419
- derivatives used as hedging instruments	90 505	89 227	55 741	57 538
Gross loans and advances to customers	28 606 727	28 748 715	27 297 744	27 802 979
Impairment losses on loans and advances to customers	-1 851 543	-1 781 266	-1 575 886	-1 229 719
Investment securities:	9 954 132	9 374 468	8 789 642	7 647 640
- available-for-sale	6 665 451	6 886 155	6 036 304	5 493 769
- held-to-maturity	3 288 681	2 488 313	2 753 338	2 153 871
Investments in associates valued using the equity method	14 098	13 171	11 955	11 636
Property, plant and equipment	309 749	316 622	353 534	393 802
Intangible assets	44 581	45 509	51 248	57 278
Goodwill on subordinated companies	0	0	0	36 052
Deferred tax asset	239 957	236 902	217 383	187 085
Investment properties	230 134	232 706	222 240	202 565
Other assets	96 394	98 204	106 898	118 183
<b>Total assets</b>	<b>43 095 288</b>	<b>42 245 376</b>	<b>39 076 598</b>	<b>38 755 120</b>

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Liabilities</b>				
Amounts due to Central Bank	6	6	1 321 802	1 568 301
Amounts due to banks	11 747 582	11 706 356	11 081 690	10 871 655
Liabilities arising from repurchase transactions	678 323	128 561	0	0
Financial liabilities held for trading (excluding derivatives)	34 982	0	0	0
Derivatives including:	773 527	743 927	541 068	695 271
- derivatives used as hedging instruments	0	0	3 166	482
Amounts due to customers	25 758 006	25 651 880	22 469 154	21 984 555
Current tax liability	63 878	41 913	32 282	20 314
Provisions	71 308	69 498	53 917	59 334
Deferred tax liability	1 006	1 123	1 289	1 485
Other liabilities	283 912	271 532	180 997	160 762
Subordinated liabilities	866 476	903 162	805 816	814 034
<b>Total liabilities</b>	<b>40 279 006</b>	<b>39 517 958</b>	<b>36 488 015</b>	<b>36 175 711</b>

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Equity</b>				
Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Supplementary capital	889 340	889 340	784 039	806 038
Revaluation reserve	104 576	71 239	5 716	16 679
Reserves	400 942	400 942	340 942	340 942
Retained earnings/loss	-65 709	-65 709	65 033	43 034
Current net profit (loss) attributable to the Shareholders of the Bank	128 839	73 312	34 559	14 422
<b>Total equity attributable to shareholders of the Bank</b>	<b>2 816 282</b>	<b>2 727 418</b>	<b>2 588 583</b>	<b>2 579 409</b>
Attributable to non-controlling Shareholders	0	0	0	0
<b>Total equity</b>	<b>2 816 282</b>	<b>2 727 418</b>	<b>2 588 583</b>	<b>2 579 409</b>
<b>Total equity and liabilities</b>	<b>43 095 288</b>	<b>42 245 376</b>	<b>39 076 598</b>	<b>38 755 120</b>

Capital adequacy ratio (%)	12,34	12,07	11,82	11,36
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	10.37	10.04	9.53	9.50

#### 4. Off-balance Sheet Items

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Liabilities granted and received</b>				
Liabilities granted, including:	5 627 895	5 962 739	5 803 368	5 771 440
- financial	4 026 659	4 061 507	4 008 224	3 950 748
- guarantees	1 601 236	1 901 232	1 795 144	1 820 692
Liabilities received, including:	1 506 673	1 221 525	2 409 623	2 329 511
- financial	407 483	36 103	1 185 242	930 422
- guarantees	1 099 190	1 185 422	1 224 381	1 399 089
<b>Liabilities related to the sale/purchase transactions</b>	<b>168 126 775</b>	<b>175 348 398</b>	<b>89 935 737</b>	<b>109 208 879</b>
<b>Other</b>	<b>7 918 315</b>	<b>7 576 014</b>	<b>7 140 633</b>	<b>6 918 031</b>
- collateral received	7 918 315	7 576 014	7 140 633	6 916 487
- other	0	0	0	1 544

## 5. Statement of Changes in Consolidated Equity

### Changes in the period 01.01.2010 – 30.09.2010

<i>in PLN '000'</i>	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 shareholders	Total equity
<b>Equity at opening balance – as of 01.01.2010</b>	<b>1 358 294</b>	<b>784 039</b>	<b>5 716</b>	<b>340 942</b>	<b>99 592</b>	<b>0</b>	<b>2 588 583</b>	<b>0</b>	<b>2 588 583</b>
Valuation of financial assets available-for-sale			95 727				95 727		95 727
Effects of valuation of derivatives designated for cash flow hedge			26 322				26 322		26 322
Deferred tax on items recognized in equity			-23 189				-23 189		-23 189
<b>Net profit (loss) recognized directly in the equity</b>			<b>98 860</b>				<b>98 860</b>		<b>98 860</b>
Net profit/loss for the period						128 839	128 839		128 839
<b>Total of recognized income and expenses</b>			<b>98 860</b>			<b>128 839</b>	<b>227 699</b>		<b>227 699</b>
Profit allowance		105 301		60 000	-165 301		0		0
<b>Equity at end of period – as of 30.09.2010</b>	<b>1 358 294</b>	<b>889 340</b>	<b>104 576</b>	<b>400 942</b>	<b>-65 709</b>	<b>128 839</b>	<b>2 816 282</b>	<b>0</b>	<b>2 816 282</b>



## Changes in the period 01.01.2009 – 31.12.2009

	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings/loss	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Total equity attributable to non-controlling shareholders	Total equity
<i>in PLN '000'</i>										
<b>Equity at opening balance – as of 01.01.2009</b>	<b>1 358 294</b>	<b>604 966</b>	<b>97 938</b>	<b>240 942</b>	<b>-733</b>	<b>344 106</b>	<b>0</b>	<b>2 645 513</b>	<b>0</b>	<b>2 645 513</b>
Valuation of financial assets available-for-sale			-16 885					-16 885		-16 885
Effects of valuation of derivatives designated for cash flow hedge			-96 969					-96 969		-96 969
Deferred tax on items recognized in equity			21 632					21 632		21 632
<b>Net profit (loss) recognized directly in the equity</b>			<b>-92 222</b>					<b>-92 222</b>		<b>-92 222</b>
Net profit/loss for the period							34 559	34 559		34 559
<b>Total of recognized income and expenses</b>			<b>-92 222</b>				<b>34 559</b>	<b>-57 663</b>		<b>-57 663</b>
Other changes		-21 999			733	21 999		733		733
Profit allowance		201 072		100 000		-301 072		0		0
<b>Equity at end of period – as of 31.12.2009</b>	<b>1 358 294</b>	<b>784 039</b>	<b>5 716</b>	<b>340 942</b>	<b>0</b>	<b>65 033</b>	<b>34 559</b>	<b>2 588 583</b>	<b>0</b>	<b>2 588 583</b>

## Changes in the period 01.01.2009 – 30.09.2009

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

## 6. Consolidated Cash Flow Statement

	3 <sup>rd</sup> quarter of 2010	Three quarters of 2010	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009
<i>in PLN '000'</i>	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009
<b>Net cash flow from operating activities</b>				
<b>Net profit (loss)</b>	<b>55 527</b>	<b>128 839</b>	<b>10 369</b>	<b>14 422</b>
<b>Adjustments to net profit (loss) and net cash from operating activities:</b>	<b>1 139 925</b>	<b>3 559 438</b>	<b>103 216</b>	<b>451 202</b>
Current and deferred tax recognised in financial result	20 594	45 833	5 656	3 579
Non-realised profit (loss) from currency translation differences	-30 096	-45 545	-3 369	-27 413
Depreciation	24 699	76 456	28 420	86 231
Share in profit (loss) of associates	-928	-2 143	-808	-1 505
Net increase/decrease in impairment	70 271	270 439	133 760	298 190
Dividends	-49	-1 841	-32	-1 629
Interest	-109 811	-137 015	-150 243	-203 226
Net increase/decrease in provisions	1 810	17 391	-10 644	-140
Profit (loss) on disposal of investments	-2 647	-5 422	-43 581	-48 558
<b>Net increase/decrease in operating assets (excluding cash)</b>	<b>-503 793</b>	<b>-1 893 303</b>	<b>2 476 736</b>	<b>933 235</b>
Net increase/decrease in loans and advances to banks	50 351	-865 506	23 754	35 144
Net increase/decrease in financial assets designated upon initial recognition as at fair value through profit or loss	-3 619	28 303	789 617	-94
Net increase/decrease in financial assets held for trading and derivatives	-295 642	-621 857	446 584	1 107 223
Net increase/decrease in receivables arising from repurchase transactions	-410 900	-79 025	-3 075	-10 076
Net increase/decrease in gross loans and advances to customers	141 988	-1 308 983	1 176 929	-142 332
Paid/received income tax	-9 672	-60 528	-1 221	-105 311
Net increase/decrease in other assets	23 701	1 014 293	44 148	48 681
<b>Net increase/decrease in operating liabilities</b>	<b>1 669 875</b>	<b>5 234 588</b>	<b>-2 332 679</b>	<b>-587 562</b>
Net increase/decrease in amounts due to Central Bank	0	-1 321 796	-1 092 339	455 026
Net increase/decrease in amounts due to banks	1 036 964	2 415 849	-477 139	-1 433 026
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	29 600	235 625	-339 436	-1 193 724
Net increase/decrease in financial liabilities held for trading (excluding derivatives)	34 982	34 982	0	0
Net increase/decrease in amounts due to customers	6 252	3 091 869	-385 938	1 709 189
Net increase/decrease in liabilities arising from repurchase transactions	549 762	678 323	0	-8 991
Net increase/decrease in other liabilities	12 315	99 736	-37 827	-116 036
<b>Net cash flow from operating activities</b>	<b>1 195 452</b>	<b>3 688 277</b>	<b>113 585</b>	<b>465 624</b>

	3 <sup>rd</sup> quarter of 2010	Three quarters of 2010	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009
<i>in PLN '000'</i>	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009
<b>Net cash flow from investing activities</b>				
<b>Inflows</b>	<b>14 467 769</b>	<b>42 896 270</b>	<b>2 120 569</b>	<b>5 145 535</b>
Disposal of property, plant and equipment, intangible assets and investment properties	318	169	1 929	3 941
Disposal of interests in equity investments classified as available-for-sale	0	1 450	0	0
Disposal of investment securities	14 448 136	42 814 340	2 035 099	4 909 757
Dividends	49	1 841	32	1 629
Interest received	19 266	78 470	83 509	230 208
<b>Outflows</b>	<b>-14 895 647</b>	<b>-44 735 827</b>	<b>-3 327 778</b>	<b>-6 253 703</b>
Acquisition of property, plant and equipment, intangible assets and investment properties	-15 788	-36 794	-30 056	-54 767
Acquisition of investment securities	-14 879 859	-44 699 033	-3 297 722	-6 198 936
<b>Net cash flow from investing activities</b>	<b>-427 878</b>	<b>-1 839 557</b>	<b>-1 207 209</b>	<b>-1 108 168</b>
<b>Cash flow from financing activities</b>				
<b>Inflows</b>	<b>123 048</b>	<b>261 660</b>	<b>10 000</b>	<b>1 969 087</b>
Proceeds from a subordinated loan	0	0	0	560 116
Proceeds from loans and advances	123 048	261 660	10 000	1 408 971
<b>Outflows</b>	<b>-1 055 014</b>	<b>-1 898 849</b>	<b>-32 920</b>	<b>-1 343 468</b>
Repayment of loans and advances	-1 031 145	-1 825 104	0	-1 200 000
Other financial outflows	-23 869	-73 745	-32 920	-143 468
<b>Net cash flow from financing activities</b>	<b>-931 966</b>	<b>-1 637 189</b>	<b>-22 920</b>	<b>625 619</b>
<b>Net increase/decrease in cash</b>	<b>-164 392</b>	<b>211 531</b>	<b>-1 116 544</b>	<b>-16 925</b>
<b>Cash at the beginning of the period</b>	<b>1 567 064</b>	<b>1 191 141</b>	<b>2 060 872</b>	<b>961 253</b>
<b>Cash at the end of the period, including:</b>	<b>1 402 672</b>	<b>1 402 672</b>	<b>944 328</b>	<b>944 328</b>
Restricted cash	924 974	924 974	753 453	753 453

## 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 third quarter of 2010 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 third quarter of 2010

### 8.1. Income Statement

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

In three quarters of 2010, the Group generated net profit amounting to PLN 128,839 thousand, as compared to net profit in three quarters of 2009 amounting to PLN 14,422 thousand. The significant difference between the net profit generated in three quarters of 2010 as compared to three quarters of 2009 results mainly from:

- an increase in net interest income by PLN 43,940 thousand;
- a decrease in general and administrative expenses by PLN 77,273 thousand;
- a decrease in net impairment losses on financial assets, other assets and provisions by PLN 69,154 thousand;
- an increase in the deduction due to the income tax by PLN 42,254 thousand.

Despite lower net gains from trading and investment activities (by PLN 24,392 thousand) and lower net gains from other operating expenses/income (by PLN 22,642 thousand), the Group's net operating income (less other operating expenses) in the periods being analysed was at a similar level (an increase by 0.8%), while general and administrative expenses fell by 10.1%.

In the third quarter of 2010, the Group generated net profit amounting to PLN 55,527 thousand, as compared to net profit in the third quarter of 2009 amounting to PLN 10,369 thousand. The significant difference between the net profit generated in the third quarter of 2010 as compared to the third quarter of 2009 results mainly from:

- an increase in net interest income by PLN 12,998 thousand;
- a decrease in general and administrative expenses by PLN 10,643 thousand;
- a decrease in net impairment losses on financial assets, other assets and provisions by PLN 34,795 thousand;
- an increase in the deduction due to the income tax by PLN 14,938 thousand.

The Group's net operating income (less other operating expenses) in the third quarter of 2010, as compared to the third quarter of 2009, increased by 3.5%, while general and administrative expenses fell by 4.3%.

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

<i>in PLN '000'</i>	3 <sup>rd</sup> quarter of 2010	3 <sup>rd</sup> quarter of 2009	Change (%)	Three quarters of 2010	Three quarters of 2009	Change (%)
Net interest income	283 722	270 724	4.8%	830 801	786 861	5.6%
Net fee and commission income	84 014	82 045	2.4%	240 673	227 973	5.6%
Net gains from trading and investment activities*	47 699	42 424	12.4%	109 248	133 640	-18.3%
Net gains from other operating income/expenses	16 106	21 810	-26.2%	39 042	61 684	-36.7%
<b>Total</b>	<b>431 541</b>	<b>417 003</b>	<b>3.5%</b>	<b>1 219 764</b>	<b>1 210 158</b>	<b>0.8%</b>
General and administrative expenses	-234 773	-245 416	-4.3%	-686 688	-763 961	-10.1%
Net impairment losses on financial assets, other assets and provisions	-121 575	-156 370	-22.3%	-360 547	-429 701	-16.1%
<b>Total</b>	<b>-356 348</b>	<b>-401 786</b>	<b>-11.3%</b>	<b>-1 047 235</b>	<b>-1 193 662</b>	<b>-12.3%</b>
Share in profit (loss) of associates	928	808	14.9%	2 143	1 505	42.4%
<b>Profit (loss) before tax</b>	<b>76 121</b>	<b>16 025</b>	<b>375.0%</b>	<b>174 672</b>	<b>18 001</b>	<b>870.3%</b>
Income tax expense	-20 594	-5 656	264.1%	-45 833	-3 579	1180.6%
<b>Net profit (loss)</b>	<b>55 527</b>	<b>10 369</b>	<b>435.5%</b>	<b>128 839</b>	<b>14 422</b>	<b>793.4%</b>

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

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

Net interest income generated by the Group in three quarters of 2010 amounted to PLN 830,801 thousand and was higher by 5.6% than the income generated in three quarters of 2009. The decrease in market interest rates resulted in the decrease in both income and expenses, and the higher result in this category is an effect, among other things, of the improved structure of financing the Group's operations (through a rise in the financing in the form of liabilities related to customer deposits).

Net interest income generated by the Group in the third quarter of 2010 amounted to PLN 283,722 thousand and was higher by 4.8% than the corresponding figure in the third quarter of 2009, mainly due to the change in the financing structure described above.

Net fee and commission income in three quarters of 2010 amounted to PLN 240,673 thousand and was higher, by PLN 12,700 thousand (by 5.6%), than net income generated in three quarters of 2009, mainly due to the increase in income from the distribution and management of KBC TFI products by PLN 11,521 thousand.

Net fee and commission income in the third quarter of 2010 amounted to PLN 84,014 thousand and was higher, by PLN 1,969 thousand (by 2.4%), than net income generated in the third quarter of 2009, mainly due to the increase in income from the sale and management of KBC TFI's products by PLN 4,582 thousand set off with the decrease in income related to credit cards, payment cards and ATMs by PLN 2,573 thousand.

**Net gains from trading and investment activities**

In three quarters of 2010, net gains from trading and investment activities, including net result on derivatives used as hedging instruments and hedged items and dividend income, amounted to PLN 109,248 thousand as compared to PLN 133,640 thousand recorded in three quarters of 2009. Lower net gains from trading and investment activities as compared to the corresponding period in the previous year was mainly the result of lower, by PLN 37,132 thousand, result on foreign exchange set off with the increase, by PLN 10,042 thousand, in the result on financial transactions on securities and derivatives.

In the third quarter of 2010, net gains from trading and investment activities, including net result on derivatives used as hedging instruments and hedged items and dividend income, amounted to PLN 47,699 thousand as compared to PLN 42,424 thousand recorded in the third quarter of 2009. Higher net gains from trading and investment activities as compared to the corresponding period in the previous year were mainly the result of higher, by PLN 4,062 thousand, result related to securities from 'Financial assets at fair value through profit or loss'.

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

Net gains from other operating activities in three quarters of 2010 amounted to PLN 39,042 thousand and were lower by 36.7% than the figure for three quarters of 2009. In three quarters of 2010, as compared to the corresponding period in the previous year, the Group recorded lower (by PLN 14,135 thousand) proceeds related to recovered receivables in the enterprises sector (previously written off the balance sheet) and higher (by PLN 7,943 thousand) debt recovery expenses in the retail segment; the effects of it also affect 'Net impairment losses on financial assets, other assets and provisions'.

Net gains from other operating activities in the third quarter of 2010 amounted to PLN 16,106 thousand and were lower by 26.2% than the figure in the third quarter of 2009. The main reasons for the decrease in the result in this category in the third quarter of 2010 are identical to the ones described above.

**General and administrative expenses\***

	3 <sup>rd</sup> quarter of 2010	3 <sup>rd</sup> quarter of 2009	Change (%)	Three quarters of 2010	Three quarters of 2009	Change (%)
<b>Staff costs</b>	<b>105 232</b>	<b>110 194</b>	<b>-4.5%</b>	<b>308 131</b>	<b>341 242</b>	<b>-9.7%</b>
<b>General expenses, including:</b>	<b>104 842</b>	<b>106 803</b>	<b>-1.8%</b>	<b>302 101</b>	<b>336 489</b>	<b>-10.2%</b>
- costs of buildings lease	21 607	25 987	-16.9%	62 578	78 424	-20.2%
- IT and telecommunications costs	20 513	19 007	7.9%	54 722	56 236	-2.7%
- maintenance and repairs costs	5 090	5 610	-9.3%	14 742	16 219	-9.1%
- energy costs	4 235	4 429	-4.4%	14 274	15 565	-8.3%
- costs of advisory and specialist services	6 228	4 259	46.2%	16 036	16 918	-5.2%
- postal charges	7 240	7 186	0.8%	22 459	25 325	-11.3%
- transportation services	3 463	4 339	-20.2%	10 434	11 885	-12.2%
- property protection costs	2 458	2 604	-5.6%	6 861	7 985	-14.1%
- taxes and fees	23 128	23 128	0.0%	67 510	73 427	-8.1%
- promotion and advertising services	2 182	2 124	2.7%	11 258	10 555	6.7%
- purchase of other materials	1 048	1 522	-31.1%	2 579	4 844	-46.8%
- training expenses	499	207	141.1%	1 864	2 357	-20.9%
- business trips	406	394	3.0%	1 234	1 395	-11.5%
- other	6 745	6 007	12.3%	15 550	15 354	1.3%
<b>Depreciation</b>	<b>24 699</b>	<b>28 419</b>	<b>-13.1%</b>	<b>76 456</b>	<b>86 230</b>	<b>-11.3%</b>
<b>Total</b>	<b>234 773</b>	<b>245 416</b>	<b>-4.3%</b>	<b>686 688</b>	<b>763 961</b>	<b>-10.1%</b>

\*Due to the standardization of definitions and the presentation of costs within KBC Group, from 2010 the division of general and administrative expenses into particular categories, and also assigning particular cost items to categories, have changed, e.g. the costs of business training trips were separated from 'other' category and assigned to training expenses. Comparable data for the third quarter of 2009 presented in these financial statements were properly restated.

**Employment \***

	30.09.2010	30.09.2009	Change	Change (%)
KB	4 746	5 032	-286	-5.7%
Other companies	90	1 201	-1 111	-92.5%
<b>Total</b>	<b>4 836</b>	<b>6 233</b>	<b>-1 397</b>	<b>-22.4%</b>

\* Figures in FTEs.

In three quarters of 2010, staff costs amounted to PLN 308,131 thousand, which means a decrease as compared to three quarters of 2009 by PLN 33,111 thousand (9.7%). In the third quarter of 2010, staff costs amounted to PLN 105,232 thousand, which means a decrease as compared to the third quarter of 2009 by PLN 4,962 thousand (4.5%). The decrease in staff costs both in three quarters of 2010 and in the third quarter of 2010, as compared to the corresponding periods in 2009, results mainly from the drop in the employment within the Group and was partially set off with higher costs of provisions for bonuses for support departments (for 2009, the Bank did not enter into the books or paid the bonuses for these departments).

At the end of the third quarter of 2010, the employment in the Group decreased by 1,397 FTEs, as compared to the end of the third quarter of 2009, including the decrease by 1,112 FTEs related to the sale of the shares of Żagiel. At the same time, 117 former employees of Żagiel were employed in Kredyt Bank.



The Group's general expenses, except for staff costs, in three quarters of 2010 amounted to PLN 302,101 thousand and, compared to three quarters of 2009, were lower by PLN 34,388 thousand (by 10.2%). It was related mainly to the decrease in:

- costs of buildings lease (PLN 15,846 thousand);
- costs of taxes and fees (PLN 5,917 thousand);
- postal charges (PLN 2,866 thousand);
- purchase of other materials (PLN 2,265 thousand);
- IT and telecommunications costs (PLN 1,514 thousand).

The Group's general expenses, except for staff costs, in the third quarter of 2010 amounted to PLN 104,842 thousand and, compared to the third quarter of 2009, were lower by PLN 1,961 thousand (by 1.8%), which was related mainly to the decrease in:

- costs of buildings lease (PLN 4,380 thousand);
- set off with the increase in:
- costs of advisory and specialist services (PLN 1,969 thousand);
- IT and telecommunications costs (PLN 1,506 thousand).

The sale and deconsolidation of Żagiel S.A. in the fourth quarter of 2009 is one of the main reasons for the decrease in expenses both in three quarters of 2010 and in the third quarter of 2010 as compared to the corresponding periods in 2009.

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

The cost/income ratio both in the third quarter of 2010 and in three quarters of 2010 was much improved as compared to corresponding periods in the previous year. The ratio decreased from 58.9% to 54.4% (third quarter) and from 63.1% to 56.3% (three quarters). Its improvement results mainly from a significant decrease in the above-mentioned general expenses against a slight increase in income.

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

	3 <sup>rd</sup> quarter of 2010	3 <sup>rd</sup> quarter of 2009	Three quarters of 2010	Three quarters of 2009
Retail Segment*	-140 420	-131 341	-312 994	-304 746
Enterprises Segment*	19 372	-24 172	-32 046	-127 896
Other provisions*	-527	-857	-15 507	2 941
<b>Result on provisions</b>	<b>-121 575</b>	<b>-156 370</b>	<b>-360 547</b>	<b>-429 701</b>

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

Due to the change in the business segmentation of the Bank's customers and the sale of the shares of Żagiel S.A., the Group accordingly restated the comparable data for three quarters and the third quarter of 2009. The details have been described in section I.8.7.

In three quarters of 2010, the Group recorded a negative balance of net impairment losses on financial assets, other assets and provisions of PLN 360,547 thousand, as compared to the negative balance in three quarter of 2009 amounting to PLN 429,701 thousand.

In the third quarter of 2010, the Group recorded a negative balance of net impairment losses on financial assets, other assets and provisions of PLN 121,575 thousand, as compared to the negative balance in the third quarter of 2009 amounting to PLN 156,370 thousand.

In the case of the retail segment, the one-off modification of the methodology of creating write-downs for the portfolio of mortgage loans which involved the separation of more homogenous sub-portfolios (a

negative impact on the result in the third quarter of 2010 amounting to PLN 57 million) was a major element of the increase in impairment losses observed in the third quarter of 2010.

The positive result in the case of the enterprises segment in the third quarter of 2010 is an effect of restructuring and debt recovery activities (largely through the establishment of new hedging).

The balance of other provisions in three quarters of 2010 comprises mainly the amount of provisions for potential litigations in subsidiaries.

### **Corporate income tax**

The deduction due to the income tax from the Group's net profit in three quarters of 2010 amounted to PLN 45,833 thousand, as compared to the deduction from the Group's net profit in three quarter of 2009 of PLN 3,579 thousand. In the third quarter of 2010, the deduction amounted to PLN 20,594 thousand as compared to the deduction in the third quarter of 2009 amounting to PLN 5,656 thousand. The effective tax rate in three quarters of 2010 was at the level of 26.24% as compared to 27.05% for the third quarter of 2010, and in both periods it was distorted mainly by impairment losses and provisions as well as the costs of 'thin capitalization', being permanent tax 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 third quarter of 2010 was at a similar level (an increase by 2.9%) as compared to the corresponding period in the previous year.

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 resulted, among other things, from the increase in the value of the Bank's 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**

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
Loans and advances from KBC Group	5 352 999	6 654 424	6 818 610	6 893 537
- including loans and advances in foreign currencies	5 037 818	6 362 540	6 216 705	6 311 717
Term deposits	2 965 537	2 315 304	1 699 362	2 262 816
- including term deposits from KBC Group	2 713 344	2 258 904	1 696 985	2 185 451
Current accounts	3 422 733	2 731 198	2 560 645	1 709 670
Other liabilities	6 313	5 430	3 073	5 632
<b>Total amounts due to banks</b>	<b>11 747 582</b>	<b>11 706 356</b>	<b>11 081 690</b>	<b>10 871 655</b>
Subordinated liabilities (from KBC Group)	866 476	903 162	805 816	814 034
<b>Total</b>	<b>12 614 058</b>	<b>12 609 518</b>	<b>11 887 506</b>	<b>11 685 689</b>

The Bank finances the lending activities not only with deposits but also, to a large extent, with financing made available by KBC Group, the Bank's main shareholder. The loans in foreign currencies granted by Kredyt Bank'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 at the end of the third quarter of 2010 were at a similar level (an increase by 0.4%) as compared to the end of the second quarter of 2010, and increased by 17.2% as compared to the end of the third quarter of 2009. Over the last 12 months, the increase in deposits was recorded mainly in the portfolio of current accounts by ca. PLN 3.2 billion (savings accounts).

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

**8.2.1. Corporate and SME banking**

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

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

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Corporate customers and SMEs</b>				
- overdraft facilities	1 650 440	1 552 921	1 468 747	1 609 012
- term loans*	4 537 684	4 805 028	5 464 609	5 852 197
- purchased debt	177 785	175 856	141 546	97 602
- realised guarantees	1 777	2 690	5 384	5 985
- other receivables (including leasing fees)	519 919	523 307	537 221	542 548
<b>Total**</b>	<b>6 887 605</b>	<b>7 059 802</b>	<b>7 617 507</b>	<b>8 107 344</b>
<b>Budgetary sector</b>				
- overdraft facilities	25 696	43 573	1 828	2 212
- term loans*	154 737	179 195	216 535	227 528
<b>Total**</b>	<b>180 433</b>	<b>222 768</b>	<b>218 363</b>	<b>229 740</b>

\* mainly investment loans and working capital loans

\*\* gross amounts (excluding debt securities classified as loans and receivables amounting to PLN 68,035 thousand as at 30.09.2010 and amounting to PLN 59,097 thousand as at 30.06.2010).

The lower balance of the loans of corporate customers and SMEs at the end of the third quarter of 2010 as compared to the second quarter of 2010 and the third quarter of 2009 results mainly from the strategy of a disciplined use of the capital adopted in 2009, with special attention paid to the level of the risk and realized margins in the case of new exposures in the sector of corporate customers and SMEs.

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

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Corporate customers and SMEs</b>				
- current accounts	3 879 076	2 779 225	2 540 948	2 349 507
- term deposits	4 177 018	4 747 102	3 904 049	3 924 723
- including 'Warta Gwarancja' product	696 858	799 006	968 857	936 190
- loans and advances	197 101	97 253	144	145
- other	6 536	12 188	16 688	6 473
<b>Total</b>	<b>8 259 731</b>	<b>7 635 768</b>	<b>6 461 829</b>	<b>6 280 848</b>

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Budgetary sector</b>				
- current accounts	1 364 531	1 338 040	1 267 811	1 340 471
- term deposits	597 833	801 261	531 407	654 548
- other	0	0	0	15
<b>Total</b>	<b>1 962 364</b>	<b>2 139 301</b>	<b>1 799 218</b>	<b>1 995 034</b>

The value of the portfolio of the deposits of corporate customers and SMEs, at the end of the third quarter of 2010 as compared to the second quarter of 2010, despite the decrease in the value of deposits made in the Bank and obtained in relation to the sale of 'Warta Gwarancja' product, increased by PLN 0.6 billion and by PLN 0.2 billion as compared to the third quarter of 2009, which was an effect of competitive interest rate terms for such products offered by the Bank and intensive customer acquisition campaigns.

### 8.2.2. Retail banking

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

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

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
- overdraft facilities	881 366	887 266	793 184	816 904
- purchased debt	16 882	14 993	7 440	17 120
- term loans*	780 458	814 577	829 717	865 151
- instalment and cash loans, and cards	4 280 885	4 201 009	4 118 645	4 091 047
- mortgages	15 470 851	15 457 445	13 685 315	13 648 970
- realised guarantees	1 519	1 519	1 519	1 519
- other receivables	38 693	30 239	26 054	25 184
<b>Total**</b>	<b>21 470 654</b>	<b>21 407 048</b>	<b>19 461 874</b>	<b>19 465 895</b>

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

\*\* in gross terms

The balance of retail customers' loans as at 30.09.2010 as compared to 30.06.2010 remained at a similar level (an increase by 0.3%) and, as compared to 30.09.2009, increased by PLN 2,004,759 thousand (10.3%). The change resulted mainly from the increase in the balance of mortgages as at 30.09.2010 by PLN 1,821,881 thousand as compared to 30.09.2009.

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

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
- current accounts	11 759 570	11 934 892	10 109 149	10 074 976
- term deposits	3 701 837	3 882 622	4 022 658	3 519 441
- other	74 504	59 297	76 300	114 256
<b>Total</b>	<b>15 535 911</b>	<b>15 876 811</b>	<b>14 208 107</b>	<b>13 708 673</b>

The value of the portfolio of the deposits of retail customers as at 30.09.2010 compared to 30.06.2010 remained at a similar level (a decrease by 2.1%) and, as compared to 30.09.2009, increased by 13.3%, what resulted from competitive interest rates offered by the Bank for the Savings Account (presented in the current accounts).

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

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

Cash loans and credit cards are offered in the network of the Bank's outlets as well as via Żagiel, regardless of the sale of 100% of the shares of this company in the fourth quarter of 2009. Instalment loans used to purchase goods and services are offered only via Żagiel.

In the case of loans granted via Żagiel, stricter lending and verification conditions, introduced only in 2009, have continued to be applied, which has resulted in a major limitation of the sale of cash loans and credit cards via this distribution channel. In the case of cash loans and credit cards sold in the network of the Bank's outlets, in the third quarter of 2010, the lending conditions did not change substantially. At the same time, the Bank introduced the verification of loan applications and the process of making lending decisions at the level of the Head Office for the segment of the customers with a higher credit risk.

Despite the stricter lending rules described above, the sale of retail loans and advances through Żagiel's distribution network in the third quarter of 2010 amounted to PLN 398 million, i.e. increased by 16.3% as compared to the second quarter of 2010 and by 8.8% against the level in the third quarter of 2009.

<i>in PLN '000'</i>	3 <sup>rd</sup> quarter of 2010	2 <sup>nd</sup> quarter of 2010	4 <sup>th</sup> quarter of 2009	3 <sup>rd</sup> quarter of 2009
<b>Instalment and cash loans, and cards</b>				
Gross value of the portfolio at the end of the quarter, including:	4 280 885	4 201 009	4 118 645	4 091 047
Loans granted via Żagiel				
Gross value of the portfolio at the end of the quarter*	2 456 943	2 443 707	2 579 558	2 667 854
Number of loans granted in the quarter (in '000')**	185	167	170	176
Value of loans granted in the quarter:**	397 998	342 355	346 746	365 796
- instalment loans	380 206	329 810	345 478	364 396
- cash loans	17 792	12 545	1 268	1 400
* including the consolidation adjustment due to EIR				
** related to instalment and cash loans				

<i>in thousands</i>	30.09.2010	30.06.2010	31.12.2009	30.09.2009
Credit cards (aggregate for KB and Żagiel S.A.)	210	216	228	244

In relation to the analysis, the Bank decided to change the presentation of the number of credit cards. Since the first quarter of 2010, the Bank will present only the cards actually used by the customers. The figures for the previous reporting periods presented in these financial statements have been properly reinstated.

### **Mortgages**

In December 2009, the Bank restored to its offer mortgages denominated in foreign currencies for customers with the lowest risk profile.

The value of the mortgages granted in the third quarter of 2009 as compared to the second quarter of 2010 decreased by 24.1% and, as compared to the corresponding period in the previous year, increased by 133.9%. The decrease in the third quarter of 2010 as compared to the second quarter of 2010 was related to an intensive promotional campaign carried out in the second quarter.

<i>in PLN '000'</i>	3 <sup>rd</sup> quarter of 2010	2 <sup>nd</sup> quarter of 2010	4 <sup>th</sup> quarter of 2009	3 <sup>rd</sup> quarter of 2009
<b>Mortgages</b>				
Gross value of the portfolio at the end of the quarter	15 470 851	15 457 445	13 685 315	13 648 970
Number of loans granted in the quarter (in '000')	3.4	4.5	1.7	1.7
Value of loans granted in the quarter*	716 978	944 518	328 224	306 583
* new loans				

**Current accounts for individual clients**

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Current accounts</b>				
Carrying amount at quarter end	11 759 570	11 934 892	10 109 149	10 074 976
Including ROR accounts *				
Number (in '000')	637	633	612	599
Carrying amount	1 151 717	1 189 779	1 123 428	1 164 492
Including Savings Account *				
Number (in '000')	593	577	496	442
Carrying amount	9 151 465	9 421 182	7 626 000	7 647 098

\* ROR and Savings Account – figures for private persons

As at 30.09.2010, the number of current-savings accounts (ROR) remained at a similar level (an increase by 0.6%) as compared to figures at 30.06.2010 and was higher by 6.3% as compared to figures at 30.09.2009. The carrying amount of cash on ROR accounts for individual customers at the end of the third quarter of 2010 decreased as compared to the end of the second quarter of 2010 by 3.2% and by 1.1% as compared to the end of the third quarter of 2009.

At the end of the third quarter of 2010, the number of savings accounts increased by 2.8% as compared to the end of the second quarter of 2010, and by 34.2% as compared to the end of the third quarter of 2009. At the end of the third quarter of 2010, the value of deposited cash decreased by 2.9% as compared to figures at the end of the second quarter of 2010 and increased by 19.7% as compared to the end of the third quarter of 2009. 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 the Savings Account.

**Number of outlets**

Due to the sale of the shares of Żagiel, from 16 December 2009, 'Kredyt Punkt' outlets have ceased to be a part of the distribution network of Kredyt Bank Group.

During the process of the Network restructuring in 2010, a decision was made to combine certain units to streamline the costs and achieve the synergy effect.

<i>in units</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
Bank's outlets	383	384	402	407
Outlets of Żagiel S.A. ('Kredyt Punkt' outlets)	0	0	0	200

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

Total net assets of KBC TFI funds (excluding non-registered funds) sold as at 30.09.2010 via the Bank's distribution network amounted to PLN 3,827,357 thousand. As compared to figures at 30.06.2010, they increased by 5.4%, and by 14.7% as compared to figures at 30.09.2009.

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
Net assets of KBC TFI funds (excluding non-registered funds) sold via the Bank's distribution network	3 827 357	3 630 079	3 390 735	3 336 491
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.	72.4%	73.0%	75.1%	75.6%

#### 8.4. The issue, redemption, repayment of debt and equity securities

In the third quarter of 2010 and in the third quarter of 2009, the Group's companies did not issue, redeem or repay any securities issued by the Group's companies.

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

As at 30.09.2010, the quality ratio for 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 9.6% and deteriorated in the third quarter of 2010 by 0.2 percentage points.

The Group, when estimating credit risk for individual credit exposures and loan portfolios, follows the overriding prudence concept. As at 30.09.2010, the coverage of loans and advances with evidence for impairment with impairment losses was at the level of 62.6% and increased by 1.5 percentage points as compared to 30.06.2009 and by 3.2 percentage points as compared to 30.09.2009.

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
Loans and advances with no evidence for impairment	25 849 749	26 051 957	24 919 522	25 942 815
Loans and advances with evidence for impairment	2 756 978	2 696 758	2 378 222	1 860 164
<b>Total gross loan and advances to customers</b>	<b>28 606 727</b>	<b>28 748 715</b>	<b>27 297 744</b>	<b>27 802 979</b>
Impairment losses on loans and advances to customers	1 851 543	1 781 266	1 575 886	1 229 719
including: impairment on loans and advances with evidence for impairment	1 725 279	1 648 517	1 435 829	1 105 124
<b>Total net loans and advances to customers</b>	<b>26 755 184</b>	<b>26 967 449</b>	<b>25 721 858</b>	<b>26 573 260</b>
The share of loans and advances with evidence for impairment in total gross loans and advances	9.6%	9.4%	8.7%	6.7%
Coverage of loans and advances with evidence for impairment with corresponding impairment	62.6%	61.1%	60.4%	59.4%
Coverage of gross loans and advances to customers with corresponding impairment	6.5%	6.2%	5.8%	4.4%



## 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 of 30.09.2010, amounted to 12.34% as compared to 11.36% recorded as of 30.09.2009. The Group applies the standardized approach to credit risk calculation.

As at 30.09.2010, as compared to 30.06.2010, the capital adequacy ratio increased from 12.07%, i.e. by 0.27 percentage points.

The ratio calculated only with the use of own basic capitals amounted as at 30.09.2010 to 9.01%, to 8.63% as at 30.06.2010, and to 8.44% as at 30.09.2009.

## 8.7. Income and results by operating segments

Since 1.01.2009, in accordance with the assumptions of IFRS 8, the presentation method of disclosures concerning operating segments has changed. The criterion for separating a segment now entails the method of carrying business and the type and scope of information used by the management in a given entity.

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

As compared to 2009, the Group's operations were resegmented. They were divided into three basic segments: the Retail Segment, the Enterprises Segment and the Treasury Segment. Due to the sale of the shares of Żagiel, the Consumer Finance Segment was combined with the Retail Segment.

As a result of the above changes, the comparable data for the third quarter of 2009 were properly restated.

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

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

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

### Enterprises Segment

The Enterprises Segment, in management terms, incorporates transactions with medium-sized companies (SMEs with annual sales revenue exceeding PLN 1 million, but not larger than PLN 25 million), large companies (understood as corporations with total sales revenue exceeding PLN 25 million) and state budgetary units at central and local levels.

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

## Treasury Segment

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

## Other

Income and expenses not assigned to above segments have been presented as 'Other' segment.

In addition, this category 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 sale of deposit funds in internal transactions and result from the application of an internal price (transfer rate) established on the basis of reference rates (money market rates) for particular deposit and credit products.

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

Net commission income and other net income 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 investment funds;
- commissions related to insurance products;
- commissions related to foreign transactions, i.e. export and import payment orders, transfers and guarantees, letters of credit, bill guarantees and cash collections;
- other net income including net income from other commissions and net income from other operating income and expenses (including the reversal of provisions due to the sale of debt).

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

Net income from treasury transactions is an 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 expenses. The Bank has been implementing the Activity-based Costing (ABC), which will affect the method of allocating costs to particular segments.

The segment's assets were divided into four basic categories:

Loans and advances to customers – gross loans and advances to customers, excluding interest receivables, and debt securities classified as loans and receivables.

Loans and advances to banks – gross loans and advances to banks, excluding interest receivables, and debt securities issued by other banks and classified as 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, except for debt securities classified as loans and receivables.

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

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

<i>in PLN '000'</i>	<b>Retail Segment</b>	<b>Enterprises Segment</b>	<b>Treasury Segment</b>	<b>Other</b>	<b>Total</b>
<b>Net interest income, including:</b>	<b>177 726</b>	<b>66 023</b>	<b>58 200</b>	<b>-2 307</b>	<b>299 642</b>
- lending activities	142 667	42 880	0	-2 327	183 220
- depositing activities	37 544	25 181	0	20	62 745
- the cost of financing cash kept in the Bank's branches	-2 485	-2 038	4 523	0	0
<b>Net commission income and other net income</b>	<b>46 837</b>	<b>30 931</b>	<b>0</b>	<b>18 788</b>	<b>96 556</b>
- commissions related to the keeping of accounts and transactions	21 256	12 996	0	145	34 397
- commissions related to cards	19 346	1 143	0	0	20 489
- commissions related to shares in investment funds societies	12 493	737	0	0	13 230
- commissions related to insurance products	-375	-40	0	0	-415
- commissions related to foreign transactions	12	3 860	0	106	3 978
- other	-5 895	12 235	0	18 537	24 877
<b>Net income from treasury transactions</b>	<b>15 255</b>	<b>10 668</b>	<b>3 412</b>	<b>-74</b>	<b>29 261</b>
- exchange transactions	15 241	10 233	4 954	201	30 629
- derivatives and securities	14	435	-1 542	-275	-1 368
<b>Net gains from investment activities</b>	<b>0</b>	<b>0</b>	<b>2 723</b>	<b>49</b>	<b>2 772</b>
<b>Operating income before tax</b>	<b>239 818</b>	<b>107 622</b>	<b>64 335</b>	<b>16 456</b>	<b>428 231</b>
<b>Net impairment losses on financial assets, other assets and provisions</b>	<b>-139 881</b>	<b>23 268</b>	<b>0</b>	<b>-1 652</b>	<b>-118 265</b>
<b>Group's general and administrative expenses, including:</b>	<b>-171 787</b>	<b>-45 340</b>	<b>-11 295</b>	<b>-6 351</b>	<b>-234 773</b>
- the costs of the operation of business functions (direct costs)	-94 757	-28 599	-6 502	-80 216	-210 074
- allocated expenses	-58 263	-14 229	-3 795	76 287	0
- depreciation (direct expenses)	-12 129	-873	-560	-11 137	-24 699
- depreciation (allocated expenses)	-6 638	-1 639	-438	8 715	0
<b>Net operating income</b>	<b>-71 850</b>	<b>85 550</b>	<b>53 040</b>	<b>8 453</b>	<b>75 193</b>
Share in profit (loss) of associates					928
Income tax expense					-20 594
<b>Net profit/loss</b>					<b>55 527</b>

**Group's net profit for three quarters of 2010 by business segments (breakdown according to management reporting)**

<i>in PLN '000'</i>	<b>Retail Segment</b>	<b>Enterprises Segment</b>	<b>Treasury Segment</b>	<b>Other</b>	<b>Total</b>
<b>Net interest income, including:</b>	<b>531 432</b>	<b>205 657</b>	<b>134 974</b>	<b>-5 258</b>	<b>866 805</b>
- lending activities	441 790	136 178	0	-5 313	572 655
- depositing activities	96 889	75 274	0	55	172 218
- the cost of financing cash kept in the Bank's branches	-7 247	-5 795	13 042	0	0
<b>Net commission income and other net income</b>	<b>142 510</b>	<b>79 823</b>	<b>0</b>	<b>34 629</b>	<b>256 962</b>
- commissions related to the keeping of accounts and transactions	63 759	37 643	0	740	102 142
- commissions related to cards	62 154	3 433	0	-3 679	61 908
- commissions related to shares in investment funds societies	32 723	2 089	0	0	34 812
- commissions related to insurance products	-6 150	-227	0	0	-6 377
- commissions related to foreign transactions	81	11 461	0	339	11 881
- other	-10 057	25 424	0	37 229	52 596
<b>Net income from treasury transactions</b>	<b>35 388</b>	<b>34 871</b>	<b>13 229</b>	<b>102</b>	<b>83 590</b>
- exchange transactions	35 312	33 290	18 098	862	87 562
- derivatives and securities	76	1 581	-4 869	-760	-3 972
<b>Net gains from investment activities</b>	<b>0</b>	<b>100</b>	<b>6 407</b>	<b>1 741</b>	<b>8 248</b>
<b>Operating income before tax</b>	<b>709 330</b>	<b>320 451</b>	<b>154 610</b>	<b>31 214</b>	<b>1 215 605</b>
<b>Net impairment losses on financial assets, other assets and provisions</b>	<b>-312 612</b>	<b>-27 486</b>	<b>0</b>	<b>-16 290</b>	<b>-356 388</b>
<b>Group's general and administrative expenses, including:</b>	<b>-509 016</b>	<b>-128 300</b>	<b>-31 414</b>	<b>-17 958</b>	<b>-686 688</b>
- the costs of the operation of business functions (direct costs)	-295 038	-84 383	-18 871	-211 940	-610 232
- allocated expenses	-155 277	-36 416	-9 583	201 276	0
- depreciation (direct expenses)	-38 082	-2 665	-1 688	-34 021	-76 456
- depreciation (allocated expenses)	-20 619	-4 836	-1 272	26 727	0
<b>Net operating income</b>	<b>-112 298</b>	<b>164 665</b>	<b>123 196</b>	<b>-3 034</b>	<b>172 529</b>
Share in profit (loss) of associates					2 143
Income tax expense					-45 833
<b>Net profit/loss</b>					<b>128 839</b>

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

<i>in PLN '000'</i>	<b>Retail Segment</b>	<b>Enterprises Segment</b>	<b>Treasury Segment</b>	<b>Other</b>	<b>Total</b>
<b>Net interest income, including:</b>	<b>205 695</b>	<b>70 109</b>	<b>6 528</b>	<b>65</b>	<b>282 397</b>
- lending activities	172 982	44 171	0	40	217 193
- depositing activities	34 851	27 628	0	25	62 504
- the cost of financing cash kept in the Bank's branches	-2 138	-1 690	3 828	0	0
<b>Net commission income and other net income</b>	<b>47 824</b>	<b>25 242</b>	<b>0</b>	<b>20 615</b>	<b>93 681</b>
- commissions related to the keeping of accounts and transactions	21 307	13 664	0	258	35 229
- commissions related to cards	17 778	1 172	0	0	18 950
- commissions related to shares in investment funds societies	7 415	533	0	0	7 948
- commissions related to insurance products	-3 501	-56	0	0	-3 557
- commissions related to foreign transactions	46	3 407	0	125	3 578
- other	4 779	6 522	0	20 232	31 533
<b>Net income from treasury transactions</b>	<b>18 333</b>	<b>12 166</b>	<b>12 807</b>	<b>-7 312</b>	<b>35 994</b>
- exchange transactions	18 304	11 778	11 478	-8 988	32 572
- derivatives and securities	29	388	1 329	1 676	3 422
<b>Net gains from investment activities</b>	<b>0</b>	<b>0</b>	<b>-87</b>	<b>32</b>	<b>-55</b>
<b>Operating income before tax</b>	<b>271 852</b>	<b>107 517</b>	<b>19 248</b>	<b>13 400</b>	<b>412 017</b>
<b>Net impairment losses on financial assets, other assets and provisions</b>	<b>-130 458</b>	<b>-20 046</b>	<b>0</b>	<b>-880</b>	<b>-151 384</b>
<b>Group's general and administrative expenses, including:</b>	<b>-196 787</b>	<b>-33 313</b>	<b>-9 381</b>	<b>-5 935</b>	<b>-245 416</b>
- the costs of the operation of business functions (direct costs)	-125 643	-22 548	-5 582	-63 224	-216 997
- allocated expenses	-48 524	-8 786	-2 736	60 046	0
- depreciation (direct expenses)	-15 163	-771	-581	-11 904	-28 419
- depreciation (allocated expenses)	-7 457	-1 208	-482	9 147	0
<b>Net operating income</b>	<b>-55 393</b>	<b>54 158</b>	<b>9 867</b>	<b>6 585</b>	<b>15 217</b>
Share in profit (loss) of associates					808
Income tax expense					-5 656
<b>Net profit/loss</b>					<b>10 369</b>

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

<i>in PLN '000'</i>	<b>Retail Segment</b>	<b>Enterprises Segment</b>	<b>Treasury Segment</b>	<b>Other</b>	<b>Total</b>
<b>Net interest income, including:</b>	<b>619 553</b>	<b>215 148</b>	<b>-5 955</b>	<b>-6 808</b>	<b>821 938</b>
- lending activities	544 304	133 477	0	-6 902	670 879
- depositing activities	82 587	87 260	0	94	169 941
- the cost of financing cash kept in the Bank's branches	-7 338	-5 589	12 927	0	0
<b>Net commission income and other net income</b>	<b>133 854</b>	<b>86 584</b>	<b>0</b>	<b>45 827</b>	<b>266 265</b>
- commissions related to the keeping of accounts and transactions	62 681	36 032	0	808	99 521
- commissions related to cards	46 635	3 471	0	0	50 106
- commissions related to shares in investment funds societies	20 952	1 431	0	0	22 383
- commissions related to insurance products	-15 588	-193	0	0	-15 781
- commissions related to foreign transactions	242	10 260	0	380	10 882
- other	18 932	35 583	0	44 639	99 154
<b>Net income from treasury transactions</b>	<b>30 959</b>	<b>38 112</b>	<b>77 771</b>	<b>908</b>	<b>147 750</b>
- exchange transactions	30 853	34 995	57 658	1 180	124 686
- derivatives and securities	106	3 117	20 113	-272	23 064
<b>Net gains from investment activities</b>	<b>0</b>	<b>0</b>	<b>428</b>	<b>5 031</b>	<b>5 459</b>
<b>Operating income before tax</b>	<b>784 366</b>	<b>339 844</b>	<b>72 244</b>	<b>44 958</b>	<b>1 241 412</b>
<b>Net impairment losses on financial assets, other assets and provisions</b>	<b>-305 042</b>	<b>-161 976</b>	<b>0</b>	<b>6 063</b>	<b>-460 955</b>
<b>Group's general and administrative expenses, including:</b>	<b>-617 225</b>	<b>-96 848</b>	<b>-32 294</b>	<b>-17 594</b>	<b>-763 961</b>
- the costs of the operation of business functions (direct costs)	-421 411	-69 294	-21 135	-165 891	-677 731
- allocated expenses	-127 485	-21 588	-7 842	156 915	0
- depreciation (direct expenses)	-43 982	-2 020	-1 742	-38 486	-86 230
- depreciation (allocated expenses)	-24 347	-3 946	-1 575	29 868	0
<b>Net operating income</b>	<b>-137 901</b>	<b>81 020</b>	<b>39 950</b>	<b>33 427</b>	<b>16 496</b>
Share in profit (loss) of associates					1 505
Income tax expense					-3 579
<b>Net profit/loss</b>					<b>14 422</b>

**Assets by business segments as at 30.09.2010**

<i>in PLN '000'</i>	<b>Retail Segment</b>	<b>Enterprises Segment</b>	<b>Treasury Segment</b>	<b>Other</b>	<b>Total</b>
Loans and advances to customers	20 251 865	8 257 970	0	0	28 509 835
Loans and advances to banks	0	0	1 327 104	0	1 327 104
Securities	0	0	12 068 047	0	12 068 047
Other	0	0	486 001	704 301	1 190 302
<b>Total</b>	<b>20 251 865</b>	<b>8 257 970</b>	<b>13 881 152</b>	<b>704 301</b>	<b>43 095 288</b>

**Assets by business segments as at 31.12.2009 (comparable data)**

<i>in PLN '000'</i>	<b>Retail Segment</b>	<b>Enterprises Segment</b>	<b>Treasury Segment</b>	<b>Other</b>	<b>Total</b>
Loans and advances to customers	18 257 558	8 949 093	0	0	27 206 651
Loans and advances to banks	0	0	188 527	0	188 527
Securities	0	0	10 124 991	0	10 124 991
Other	0	0	571 410	985 019	1 556 429
<b>Total</b>	<b>18 257 558</b>	<b>8 949 093</b>	<b>10 884 928</b>	<b>985 019</b>	<b>39 076 598</b>

**Assets by business segments as at 30.09.2009 (comparable data)**

<i>in PLN '000'</i>	<b>Retail Segment</b>	<b>Enterprises Segment</b>	<b>Treasury Segment</b>	<b>Other</b>	<b>Total</b>
Loans and advances to customers	18 198 364	9 513 613	0	0	27 711 977
Loans and advances to banks	7	0	220 619	0	220 626
Securities	0	0	9 311 257	0	9 311 257
Other	0	0	739 419	771 841	1 511 260
<b>Total</b>	<b>18 198 371</b>	<b>9 513 613</b>	<b>10 271 295</b>	<b>771 841</b>	<b>38 755 120</b>



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

<i>in PLN '000'</i>	<b>01.07.2010- 30.09.2010</b>
<b>Net interest income – management information</b>	<b>299 642</b>
- commissions on loans	11 628
+ operating expenses (interest on finance lease)	-329
+ operating income (the collection of statutory interest)	1 887
+ commissions related to foreign transactions	134
- structured deposit – interest adjustment	5 946
+ other	-38
<b>Net interest income – financial statements</b>	<b>283 722</b>
<b>Net commission income and other net income – management information</b>	<b>96 556</b>
+ commissions on loans	11 628
- operating expenses (interest on finance lease)	-329
- operating income (the collection of statutory interest)	1 887
- commissions related to foreign transactions	134
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	7 457
- result adjustment due to the sale of debts	-1 047
- other	-38
<b>Net commission income and other income – financial statements – presented as:</b>	<b>100 120</b>
Net fee and commission income	84 014
Other operating income	31 919
Other operating expenses	-15 813
<b>Net income from treasury transactions – management information</b>	<b>29 261</b>
+ net increase/decrease in provisions for potential losses related to active derivatives	2 263
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	7 457
+ structured deposit – interest adjustment	5 946
<b>Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:</b>	<b>44 927</b>
Net trading income	45 058
Net result on derivatives used as hedging instruments and hedged items	-131
<b>Net gains from investment activities – management information</b>	<b>2 772</b>
<b>Net gains from investment activities and dividend income – financial statements – presented as:</b>	<b>2 772</b>
Net gains from investment activities	2 723
Dividend income	49
<b>Operating income before tax – management information</b>	<b>428 231</b>
+ net increase/decrease in provisions for potential losses related to active derivatives	2 263
- result adjustment due to the sale of debt	-1 047
<b>Operating income before tax – financial statements – presented as:</b>	<b>431 541</b>
Total operating income	447 354
Other operating expenses	-15 813

<b>Net impairment losses on financial assets, other assets and provisions – management information</b>	<b>-118 265</b>
- net increase/decrease in provisions for potential losses related to active derivatives	2 263
+ result adjustment due to the sale of debt	-1 047
<b>Net impairment losses on financial assets, other assets and provisions – financial statements</b>	<b>-121 575</b>

*in PLN '000'* **01.01.2010-  
30.09.2010**

<b>Net interest income – management information</b>	<b>866 805</b>
- commissions on loans	34 725
+ operating expenses (interest on finance lease)	-1 161
+ operating income (the collection of statutory interest)	7 166
+ commissions related to foreign transactions	290
- structured deposit – interest adjustment	7 576
+ other	2
<b>Net interest income – financial statements</b>	<b>830 801</b>

<b>Net commission income and other net income – management information</b>	<b>256 962</b>
+ commissions on loans	34 725
- operating expenses (interest on finance lease)	-1 161
- operating income (the collection of statutory interest)	7 166
- commissions related to foreign transactions	290
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	3 552
- net increase/decrease in provisions related to the sale of debt	2 123
- other	2
<b>Net commission income and other income – financial statements – presented as:</b>	<b>279 715</b>
Net fee and commission income	240 673
Other operating income	76 837
Other operating expenses	-37 795

<b>Net income from treasury transactions – management information</b>	<b>83 590</b>
+ net increase/decrease in provisions for potential losses related to active derivatives	6 282
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	3 552
+ structured deposit – interest adjustment	7 576
<b>Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:</b>	<b>101 000</b>
Net trading income	100 535
Net result on derivatives used as hedging instruments and hedged items	465

<b>Net gains from investment activities – management information</b>	<b>8 248</b>
<b>Net gains from investment activities and dividend income – financial statements – presented as:</b>	<b>8 248</b>
Net gains from investment activities	6 407
Dividend income	1 841

<b>Operating income before tax – management information</b>	<b>1 215 605</b>
+ net increase/decrease in provisions for potential losses related to active derivatives	6 282
- net increase/decrease in provisions related to the sale of debt	2 123
<b>Operating income before tax – financial statements – presented as:</b>	<b>1 219 764</b>
Total operating income	1 257 559
Other operating expenses	-37 795
<b>Net impairment losses on financial assets, other assets and provisions – management information</b>	<b>-356 388</b>
- net increase/decrease in provisions for potential losses related to active derivatives	6 282
+ net increase/decrease in provisions related to the sale of debt	2 123
<b>Net impairment losses on financial assets, other assets and provisions – financial statements</b>	<b>-360 547</b>
<i>in PLN '000'</i>	<b>01.07.2009- 30.09.2009</b>
<b>Net interest income – management information</b>	<b>282 397</b>
- commissions on loans	13 497
+ operating expenses (interest on finance lease)	-527
+ operating income (the collection of statutory interest)	1 692
+ commissions related to foreign transactions	61
+ other	598
<b>Net interest income – financial statements</b>	<b>270 724</b>
<b>Net commission income and other net income – management information</b>	<b>93 681</b>
+ commissions on loans	13 497
- net increase/decrease in provisions related to the sale of debt	1 499
- operating expenses (interest on finance lease)	-527
- operating income (the collection of statutory interest)	1 692
- commissions related to foreign transactions	61
- other	598
<b>Net commission income and other income – financial statements – presented as:</b>	<b>103 855</b>
Net fee and commission income	82 045
Other operating income	31 779
Other operating expenses	-9 969
<b>Net income from treasury transactions – management information</b>	<b>35 994</b>
+ net increase/decrease in provisions for potential losses related to active derivatives	6 485
<b>Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:</b>	<b>42 479</b>
Net trading income	42 009
Net result on derivatives used as hedging instruments and hedged items	470
<b>Net gains from investment activities – management information</b>	<b>-55</b>
<b>Net gains from investment activities and dividend income – financial statements – presented as:</b>	<b>-55</b>
Net gains from investment activities	-87
Dividend income	32

<b>Operating income before tax – management information</b>	<b>412 017</b>
+ net increase/decrease in provisions for potential losses related to active derivatives	6 485
- net increase/decrease in provisions related to the sale of debt	1 499
<b>Operating income before tax – financial statements – presented as:</b>	<b>417 003</b>
Total operating income	426 972
Other operating expenses	-9 969
<b>Net impairment losses on financial assets, other assets and provisions – management information</b>	<b>-151 384</b>
- net increase/decrease in provisions for potential losses related to active derivatives	6 485
+ net increase/decrease in provisions related to the sale of debt	1 499
<b>Net impairment losses on financial assets, other assets and provisions – financial statements</b>	<b>-156 370</b>
<i>in PLN '000'</i>	<b>01.01.2009- 30.09.2009</b>
<b>Net interest income – management information</b>	<b>821 938</b>
- commissions on loans	41 644
+ operating expenses (interest on finance lease)	-1 748
+ operating income (the collection of statutory interest)	7 867
+ commissions related to foreign transactions	438
+ other	10
<b>Net interest income – financial statements</b>	<b>786 861</b>
<b>Net commission income and other net income – management information</b>	<b>266 265</b>
+ commissions on loans	41 644
- net increase/decrease in provisions related to the sale of debt	11 685
- operating expenses (interest on finance lease)	-1 748
- operating income (the collection of statutory interest)	7 867
- commissions related to foreign transactions	438
- other	10
<b>Net commission income and other income – financial statements – presented as:</b>	<b>289 657</b>
Net fee and commission income	227 973
Other operating income	91 439
Other operating expenses	-29 755
<b>Net income from treasury transactions – management information</b>	<b>147 750</b>
+ net increase/decrease in provisions for potential losses related to active derivatives	-19 569
<b>Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:</b>	<b>128 181</b>
Net trading income	127 624
Net result on derivatives used as hedging instruments and hedged items	557
<b>Net gains from investment activities – management information</b>	<b>5 459</b>
<b>Net gains from investment activities and dividend income – financial statements – presented as:</b>	<b>5 459</b>
Net gains from investment activities	3 830
Dividend income	1 629

<b>Operating income before tax – management information</b>	<b>1 241 412</b>
+ net increase/decrease in provisions for potential losses related to active derivatives	-19 569
- net increase/decrease in provisions related to the sale of debt	11 685
<b>Operating income before tax – financial statements – presented as:</b>	<b>1 210 158</b>
Total operating income	1 239 913
Other operating expenses	-29 755
<b>Net impairment losses on financial assets, other assets and provisions – management information</b>	<b>-460 955</b>
- net increase/decrease in provisions for potential losses related to active derivatives	-19 569
+ net increase/decrease in provisions related to the sale of debt	11 685
<b>Net impairment losses on financial assets, other assets and provisions – financial statements</b>	<b>-429 701</b>

<i>in PLN '000'</i>	<b>Management information</b>	<b>Interest</b>	<b>Financial statements</b>
<b>30.09.2010</b>			
Gross loans and advances to customers	28 509 835	96 892	28 606 727
Gross loans and advances to banks	1 327 104	912	1 328 016
<b>31.12.2009 (comparable data)</b>			
Gross loans and advances to customers	27 206 651	91 093	27 297 744
Gross loans and advances to banks	188 527	1 486	190 013
<b>30.09.2009 (comparable data)</b>			
Gross loans and advances to customers	27 711 977	91 002	27 802 979
Gross loans and advances to banks	220 626	1 880	222 506

<i>in PLN '000'</i>	<b>30.09.2010</b>
<b>Securities – management information</b>	<b>12 068 047</b>
<b>Securities – financial statements – presented as:</b>	<b>12 068 047</b>
Financial assets designated upon initial recognition as at fair value through profit or loss	127 097
Financial assets held for trading (excluding derivatives)	1 986 818
Investment securities	9 954 132
	Comparable data
	<b>31.12.2009</b>
<b>Securities – management information</b>	<b>10 124 991</b>
<b>Securities – financial statements – presented as:</b>	<b>10 124 991</b>
Financial assets designated upon initial recognition as at fair value through profit or loss	155 400
Financial assets held for trading (excluding derivatives)	1 179 949
Investment securities	8 789 642
	Comparable data
	<b>30.09.2009</b>
<b>Securities – management information</b>	<b>9 311 257</b>
<b>Securities – financial statements – presented as:</b>	<b>9 311 257</b>
Financial assets designated upon initial recognition as at fair value through profit or loss	111 942
Financial assets held for trading (excluding derivatives)	1 551 675
Investment securities	7 647 640

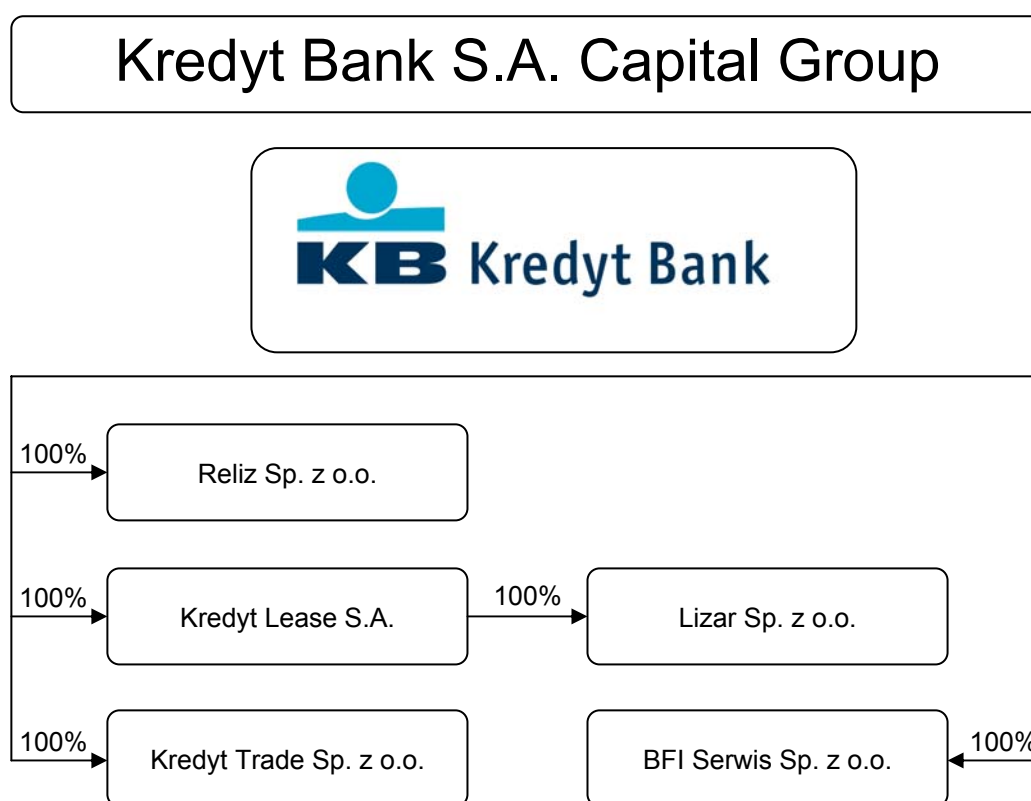
## 9. Information on dividend

Pursuant to the Resolution of the General Meeting of Shareholders of Kredyt Bank S.A. concerning the distribution of profit for 2009 adopted on 26.05.2010, the dividend for 2009 will not be paid.

## 10. Group's structure

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

Below, we present the composition and ownership structure of the Group as of 30.09.2010.



As of 30.09.2010, 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 30.09.2010 as compared to 30.09.2009, due to the sale of shares of the subsidiary Żagiel S.A. in the fourth quarter of 2010, the scope of the consolidation has 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 30.09.2010.

### Consolidated Income Statement

<i>in PLN '000'</i>	Published data	Changes	Comparable data
	01.07.2009 - 30.09.2009		01.07.2009 - 30.09.2009
General and administrative expenses	-245 313	-103	-245 416
Other operating expenses	-10 072	103	-9 969
	01.01.2009 - 30.09.2009		01.01.2009 - 30.09.2009
General and administrative expenses	-763 359	-602	-763 961
Other operating expenses	-30 357	602	-29 755

Clarification of major reclassifications:

- the reclassification of side costs (mainly sponsoring costs) to 'General and administrative expenses' due to the change in the presentation described under the table in section I.8.1.

### Consolidated Balance Sheet

<i>in PLN '000'</i>	Published data	Changes	Comparable data
	30.09.2009		30.09.2009
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 663 617	-1 663 617	0
Financial assets designated upon initial recognition as at fair value through profit or loss	0	+111 942	111 942
Financial assets held for trading (excluding derivatives)	0	+1 551 675	1 551 675
	31.12.2009		31.12.2009
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 335 349	-1 335 349	0
Financial assets designated upon initial recognition as at fair value through profit or loss	0	+155 400	155 400
Financial assets held for trading (excluding derivatives)	0	+1 179 949	1 179 949

Clarification of major reclassifications:

- a separate presentation in the balance sheet of financial assets designated upon initial recognition as at fair value through profit or loss and 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 of 31.12.2009, except for the modification of the methodology of creating provisions for mortgage loans described in section I.8.1 'Net impairment losses on financial assets, other assets and provisions'. The preparation of financial statements in line with the IFRS requires a professional judgment of the Bank's Management Board and Management Boards of the Group's companies on the adopted accounting principles and accounting estimates applied with respect to balance sheet items and income statement items. Estimates are related to uncertain future events and are made basing on historical data and a number of assumptions based on the facts available as at the balance sheet date, resulting from internal and external conditions. The actual results of future business operations may differ from the present accounting estimates as at the balance sheet date. Therefore, accounting estimates are verified on a regular basis. Changes in estimates are recognized in the financial statements in the period they were introduced. If such changes are also related to future periods, the assumptions being the basis for the estimates for future periods are also adjusted.

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

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



## **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 31.12.2009. 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, and derivatives as well as liabilities related to the short selling of financial instruments;
- financial assets or liabilities which, at the time of initial recognition, were designated by the Group's entities as measured at fair value through profit or loss, as the items are managed in a portfolio on the basis of the valuation at fair value, pursuant to the recorded risk management principles or the Group's investment strategy.

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

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

Outflows from assets disposal are calculated with the FIFO method.

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

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

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments 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 those:

- 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 are recognized in net interest income.

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

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

- a) financial assets that the company intends to sell immediately or in the near term, which are classified as held for trading, and those that the company upon initial recognition designates as at fair value through profit or loss;
- b) financial assets that the company upon initial recognition designates as available-for-sale, or
- c) financial assets for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

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

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

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

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

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

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

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

Outflows from assets disposal are calculated with the FIFO method.

### ***Financial liabilities not held for trading***

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

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

### ***Hedge accounting***

Hedge accounting 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 flows) attributable to the hedged risk, according to the initially documented risk management strategy related to a specific hedging relationship;
- in the case of the cash flow hedge, the planned hedged transaction must be highly probable and must be subject to the threat of changes in cash flow which, as a result, may affect the income statement;
- the hedge effectiveness may be assessed reliably, i.e. fair value or cash flows attributable to the hedged item resulting from the hedged risk and the fair value of the hedging instrument may be measured reliably;

- the hedge is assessed on an ongoing basis and is found highly effective in all reporting periods in which the hedge was established.

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

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

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

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

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

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

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

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

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

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

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

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

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

of fees are deferred and settled over time in the income statement applying the effective interest rate method or on a straight-line basis, depending on the type of a product.

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

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

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

### **13. Post-balance sheet events**

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 GMS

The table below presents the list of major shareholders of Kredyt Bank S.A. as at 30.09.2010.

Shareholder	Line of business	Number of shares and votes at GMS	Share in votes and in share capital (in %)
KBC Bank NV*	Banking	217 327 103	80.00
KBC Securities* – a subsidiary of KBC Bank NV**	Brokerage house	11 751 771	4.33
KBC Insurance NV* – an entity from KBC Group***	Insurance	7 860 918	2.89
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.

\*\* Figures as at 09.09.2009 received from KBC Group NV and KBC Bank NV

\*\*\* Figures received on 15.07.2010 from KBC Group NV

On 15.04.2010, Kredyt Bank S.A. was informed by Pioneer Pekao Investment Management S.A. ('PPIM') about the exceeding by Pioneer Fundusz Inwestycyjny Otwarty ('Pioneer FIO') of the threshold of 5% of votes at the General Meeting of Shareholders of Kredyt Bank S.A. PPIM, indicating to the performance of the agreement on the provision of services related to the management of the portfolio of investment funds, informed, in the above-mentioned notification, that, as at 9.04.2010, the portfolio of Pioneer FIO comprised the total of 20,040,203 shares of Kredyt Bank S.A., which accounted for 7.38% of the share capital and gave the right to 7.38% of the total number of votes at the General Meeting of Shareholders of Kredyt Bank S.A.

On 15.07.2010, information was received concerning the transaction made between entities in KBC Group. KBC Insurance acquired from KBL Private Bankers 7,860,918 shares of Kredyt Bank S.A. accounting for 2.89% in the capital and votes at the Bank's General Meeting of Shareholders.

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

As at 30.09.2010, 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.

As at 31.12.2009, Mr. Marek Michałowski, a Member of the Bank's Supervisory Board, held 1,000 shares of Kredyt Bank S.A. with the nominal value of PLN 5 thousand. Other Members of the Bank's Management Board and of the Bank's Supervisory Board did not hold any Bank's shares or shares in the Bank's subsidiaries and associates.

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

In the third quarter of 2010, the companies of the Group were not a party to any proceedings before a court, an authority competent for arbitration proceedings or a public administration authority, where the amount(s) claimed would amount to at least 10% of the Bank's (issuer's) equity.

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

- Two court proceedings regarding a credit granted to Laboratorium Frakcjonowania Osocza Sp. z o.o. in Mielec ('LFO'). The Bank is the leader of the syndicate of five banks, which, under the agreement of 04.03.1997, granted a syndicated loan to LFO. The loan was secured by, among others, a registered pledge on the company's property, plant and equipment and the surety of the State Treasury up to 60% of the drawn amount of the loan and accrued interest. As the investment project for which the loan was extended had not been completed and the dates of the payment of commitments had not been met, the Bank, representing the syndicate, terminated the agreement under its terms and conditions and called LFO to pay claims.
  - The State Treasury requested for determination whether the syndicated loan agreement concluded between LFO and the syndicate of five banks had expired on 28.02.1998 as a result of the occurrence of a contractual condition, and, as a result, the commitment of the State Treasury as the guarantor of the loan under the guarantor's agreement had expired as well. The State Treasury is represented by the General Public Prosecutor's Office of the State Treasury. Experts' opinions and auxiliary opinions were prepared and additional witnesses were questioned. In the first quarter of 2007, the State Treasury changed the lawsuit and claimed PLN 8,207 thousand including interest. 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 the third quarter of 2010, there were no developments as regards the said 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 circuit court in Warsaw, which, as a result of LFO bankruptcy, stayed legal proceedings. Upon the request of LFO, the court called upon the trustee in bankruptcy of LFO to participate in the case. In the meantime, the parties submitted pleadings. In the third quarter of 2010, there were no developments as regards the said 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 of financial orders from the company's account on the basis of bank transfers orders and checks bearing a forged signature of one of the persons authorized to represent the company in dealings with the Bank. At the hearing on 21.11.2006, the plaintiff limited its claim for interest. The total amount claimed by the plaintiff equals PLN 20,665 thousand. On 20.03.2007, the court announced its decision and claimed the whole disputed amount with interest from the Bank. Having received the justification of the judgment, the Bank lodged the appeal and requested to summon the member of the company's management board who had forged signatures. By the judgment of 8.04.2008, the appeal court overruled the judgment of the court of first instance (in the judgment, the court stated that the limitation of claims for damages by lapse of time had not been examined) and referred the case to the circuit court to be re-examined. The first hearing at which the positions of the parties were established was held on 25.07.2008. At the hearing on 3.07.2009, the court continued the examination of the facts concerning the original bank transfer orders. 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 above decision. The Bank filed the response to the trustee in bankruptcy's appeal. The date of the appeal proceedings was set by the court for 9.11.2010.
- On 17.01.2001, the President of the Office for Competition and Customer Protection, upon the request of the Polish Organization of Commerce and Distribution (POHiD), initiated proceedings concerning competition-restricting practices on the payment cards market by VISA and MasterCard as well as 20 banks, including Kredyt Bank S.A. On 29.12.2006, the President of the Office for Competition and Customer Protection issued the decision in which:
  - they imposed a fine on Kredyt Bank of PLN 12,158.4 thousand;

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

The decision was to be enforced immediately as regards the order to discontinue the practice of joint determination of the interchange fee rate. On 17.01.2006 and 19.01.2007, appeals against Decision No. DAR 15/2006 of the President of the Office for Competition and Customer Protection were made on behalf of HSBC Bank Polska and Kredyt Bank. In this decision, the President of the Office for Competition and Customer Protection resolved that joint determination by the Banks, Visa and MasterCard of the interchange fee restricted competition. On 18.01.2007, the President of the Office for Competition and Customer Protection issued a decision in which they obliged the banks to jointly and severally pay PLN 157.6 thousand to the Polish Organization of Commerce and Distribution (POHiD) as reimbursement of the proceedings costs. Kredyt Bank S.A. complained against this decision on 31.01.2007 and deemed it unjustified. The case was referred to the Economic Court in Warsaw which split the case into separate proceedings against each of the banks involved in the case. On 25.08.2008, the court decided to withhold the execution of the decision issued in the case of interchange fees. On 12.11.2008, the circuit court in Warsaw, the Competition and Customer Protection Court, issued a judgment amending the contested decision, in which the court stated that the Banks had not applied monopolistic practices in this respect. On 3.02.2009, the Bank received the appeal against the judgment made by the President of the Office for Competition and Customer Protection. The Bank submitted its reply to the appeal of the President of the Office for Competition and Customer Protection. At the hearing held on 22.04.2010, the court issued a judgment by which it overruled the judgment of the circuit court and referred the case to the circuit court to be re-examined. In the third quarter of 2010, 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 owner of the building) 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. (MZH) against the Bank and the owner of the building. The present dispute concerns fraudulent conveyance charge by Mostostal Zabrze Holding S.A. against Reliz Sp. z o.o. regarding the failure to recognize the agreement on the transfer of ownership title to 'Altus' building by Business Center 2000 Sp. z o.o. ('BC 2000') to Reliz Sp. z o.o. as effective. The value of the subject of litigation amounts to PLN 46 million. In the Bank's opinion, a part of potential claims is prescribed. On 31.07.2009, the circuit court announced the judgment which ascertained the ineffectiveness, towards MZH, of the sale agreement concerning 'Altus' building concluded between BC 2000 and Reliz. On 12.03.2010, the court of appeal overruled the judgment of the circuit court and referred the case to the circuit court to be re-examined. On 16.06.2010, as a result of the re-examination of the case, the circuit 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 46 million. The Bank asked for the judgment with the justification. Following the receipt of the judgment with the justification, an appeal against the judgment was filed.
- The claim to pay PLN 9 million is directly related to the effective debt recovery measures taken by the Bank against a beer producer and distributor. At the end of August and the beginning of September 2007, the court debt collector, acting upon the Bank's request, seized the company's account and collected PLN 8.7 million from the proceeds to the account. In the justification for the suit, the company challenges the legitimacy and legal grounds of the Bank's debt collection process. It based its claim on the institution of groundless enrichment by the Bank concerning the collected amount and on the Bank's liability in tort related to the company's loss due to the Bank's allegedly illegal debt collection process (concerning the remaining amount). The Bank replied to the lawsuit. At the hearing on 25.07.2008, the court closed the proceedings and, on 4.08.2008, rendered its judgment. The court awarded the whole claimed amount (including interest) and proceedings costs to the plaintiff. Both the plaintiff and the Bank appealed against this judgment. On 30.06.2009, the court dismissed the appeal of the plaintiff, taking the decision in the case in favour of the Bank. The written justification of the judgment was filed in the Bank on 22.09.2009. The plaintiff filed the last

resort appeal against the judgment of 30.06.2009. The Bank filed its response to the plaintiff's last resort appeal. On 18.10.2010, the Bank was informed that the plaintiff's last resort appeal was not accepted by the Supreme Court for examination.

- 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 circuit court in Warsaw issued the judgment dismissing the plaintiff's lawsuit against Kredyt Bank S.A. and HSBC Bank Polska S.A.
- The plaintiff (a company engaged in leasing activities) claims damages from Kredyt Bank S.A. and HSBC Bank Polska S.A. of PLN 89 million. In the justification of the lawsuit, the plaintiff claims that Prosper Bank S.A. (now HSBC Bank Polska S.A.), acting under the cooperation agreement concluded with a leasing company, wrote a bill of exchange which secured the agreement, and further lodged a lawsuit against this company in the proceedings by writ of payment for this bill of exchange and obtained the order for payment. In the plaintiff's opinion, Prosper Bank violated the bill agreement, wrote the bill of exchange incorrectly and lodged a completely unjustified lawsuit. The plaintiff claims that the order for payment of 11.01.1999 issued by the District Court resulted in the collapse of the company's financial situation; as a result, the plaintiff recorded damage to his assets of PLN 73.7 million increased with interest. 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.

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 third quarter of 2010 and in the third quarter of 2009, there were no related party transactions concluded by the Bank or its subsidiaries, which were not concluded on market terms.

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

As of 30.09.2010 and 30.09.2009, neither the Bank nor its subsidiaries issued guarantees with the total value of at least 10% of the Bank's equity, to one company or entities of one capital group.

## **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 third quarter of 2010 and in the third quarter of 2009, no other untypical events occurred in the Group (not related to operating activities) that would affect the structure of balance sheet items and the financial result to a large extent, and which were not presented in this report.

## **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 15.09.2010, the Bank's Supervisory Board appointed Mr. Piotr Sztrauch as a Member and Vice President of the Management Board and entrusted him with the management and supervision of the finances function.

From 15.09.2010, the Management Board of Kredyt Bank S.A. has been composed of six members.

## **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:

- only 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;
- the impact of the implementation of new recommendations of the Polish Financial Supervision Authority upon the growth rate of the portfolio of mortgage loans;
- currency risk – on the one hand, significant appreciation of PLN resulting in the deterioration of the situation of exporters and, as a result, the possible deterioration of the quality of the loans portfolio of institutional customers; on the other hand, significant depreciation of PLN which may result in the deterioration of the quality of mortgage loans;
- persisting high cost of long-term liquidity both in PLN and in foreign currencies;
- lower costs of sourcing and maintaining deposits.

## II. Interim condensed standalone financial statements of Kredyt Bank S.A.

### 1. Income Statement

	3 <sup>rd</sup> quarter of 2010	Three quarters of 2010	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009
<i>in PLN '000'</i>	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009
Interest income	534 987	1 551 834	507 403	1 584 726
Interest expense	-271 221	-807 671	-285 540	-956 438
<b>Net interest income</b>	<b>263 766</b>	<b>744 163</b>	<b>221 863</b>	<b>628 288</b>
Fee and commission income	111 295	312 114	108 877	302 214
Fee and commission expense	-27 503	-71 979	-31 228	-90 154
<b>Net fee and commission income</b>	<b>83 792</b>	<b>240 135</b>	<b>77 649</b>	<b>212 060</b>
Dividend income	49	6 886	33	120 792
Net trading income	44 756	99 658	41 683	125 836
Net result on derivatives used as hedging instruments and hedged items	-131	465	470	557
Net gains from investment activities	2 722	6 407	-87	4 426
Other operating income	21 260	44 992	19 008	52 766
<b>Total operating income</b>	<b>416 214</b>	<b>1 142 706</b>	<b>360 619</b>	<b>1 144 725</b>
General and administrative expenses	-225 333	-659 804	-205 903	-640 573
Other operating expenses	-13 836	-32 681	-8 497	-24 917
<b>Total operating expenses</b>	<b>-239 169</b>	<b>-692 485</b>	<b>-214 400</b>	<b>-665 490</b>
Net impairment losses on financial assets, other assets and provisions	-119 643	-344 897	-146 829	-425 122
<b>Net operating income</b>	<b>57 402</b>	<b>105 324</b>	<b>-610</b>	<b>54 113</b>
<b>Profit (loss) before tax</b>	<b>57 402</b>	<b>105 324</b>	<b>-610</b>	<b>54 113</b>
Income tax expense	-16 787	-30 981	-1 316	11 709
<b>Net profit (loss) from business activities</b>	<b>40 615</b>	<b>74 343</b>	<b>-1 926</b>	<b>65 822</b>
Net profit (loss) from discontinued operations	0	0	0	0
<b>Net profit (loss)</b>	<b>40 615</b>	<b>74 343</b>	<b>-1 926</b>	<b>65 822</b>
Weighted average number of ordinary shares	271 658 880	271 658 880	271 658 880	271 658 880
Earnings per ordinary share (in PLN)	0.15	0.27	-0.01	0.24

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

## 2. Statement of Comprehensive Income

	3 <sup>rd</sup> quarter of 2010	Three quarters of 2010	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009
<i>in PLN '000'</i>	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009
<b>Net profit/loss for the period</b>	<b>40 615</b>	<b>74 343</b>	<b>-1 926</b>	<b>65 822</b>
Valuation of financial assets available-for-sale	33 244	77 539	24 023	-10 583
- including deferred income tax	-7 799	-18 188	-5 636	2 482
Effects of valuation of derivatives designated for cash flow hedge	93	21 321	2 392	-70 676
- including deferred income tax	-21	-5 001	-561	16 578
<b>Other comprehensive income recognized directly in equity</b>	<b>33 337</b>	<b>98 860</b>	<b>26 415</b>	<b>-81 259</b>
<b>Comprehensive income</b>	<b>73 952</b>	<b>173 203</b>	<b>24 489</b>	<b>-15 437</b>
Including:				
<b>attributable to the Shareholders of the Bank</b>	<b>73 952</b>	<b>173 203</b>	<b>24 489</b>	<b>-15 437</b>

### 3. Balance Sheet

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Assets</b>				
Cash and balances with Central Bank	1 114 399	1 441 057	1 175 451	894 259
Gross loans and advances to banks	1 328 016	1 216 184	190 013	222 499
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 260	-2 260
Receivables arising from repurchase transactions	410 900	0	331 875	10 076
Financial assets designated upon initial recognition as at fair value through profit or loss	107 585	104 201	136 836	93 529
Financial assets held for trading (excluding derivatives)	1 986 818	1 590 660	1 179 950	1 551 675
Derivatives including:	486 001	591 221	571 410	739 419
- Derivatives used as hedging instruments	90 505	89 227	55 741	57 538
Gross loans and advances to customers	28 466 326	28 654 186	27 312 467	27 880 649
Impairment losses on loans and advances to customers	-1 813 700	-1 744 445	-1 540 231	-1 199 214
Investment securities:	9 951 490	9 371 825	8 785 579	7 643 573
- available-for-sale	6 662 809	6 883 512	6 032 241	5 489 702
- held-to-maturity	3 288 681	2 488 313	2 753 338	2 153 871
Investments in subsidiaries, associates and jointly controlled entities	64 576	64 576	65 995	66 000
Property, plant and equipment	321 152	327 991	360 238	368 797
Intangible assets	46 948	47 860	53 553	52 565
Deferred tax asset	216 225	209 792	179 266	142 943
Investment properties	20 327	20 544	9 893	0
Other assets	95 233	100 276	102 508	89 778
<b>Total assets</b>	<b>42 800 036</b>	<b>41 993 668</b>	<b>38 912 543</b>	<b>38 554 288</b>

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Liabilities</b>				
Amounts due to Central Bank	6	6	1 321 802	1 568 301
Amounts due to banks	11 432 401	11 414 472	10 831 690	10 641 655
Liabilities arising from repurchase transactions	678 323	128 561	0	0
Financial liabilities held for trading (excluding derivatives)	34 982	0	0	0
Derivatives including:	773 527	743 927	541 068	695 271
- Derivatives used as hedging instruments	0	0	3 166	482
Amounts due to customers	25 805 083	25 705 578	22 521 686	22 068 791
Current tax liability	63 683	41 692	31 833	19 653
Provisions	39 897	39 180	31 409	35 381
Other liabilities	280 156	265 540	174 940	147 419
Subordinated liabilities	866 476	903 162	805 816	814 034
<b>Total liabilities</b>	<b>39 974 534</b>	<b>39 242 118</b>	<b>36 260 244</b>	<b>35 990 505</b>

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Equity</b>				
Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Supplementary capital	887 347	887 347	782 046	782 046
Revaluation reserve	104 576	71 239	5 716	16 679
Reserves	400 942	400 942	340 942	340 942
Retained earnings/loss	0	0	0	0
Current net profit (loss) attributable to the Shareholders of the Bank	74 343	33 728	165 301	65 822
<b>Total equity</b>	<b>2 825 502</b>	<b>2 751 550</b>	<b>2 652 299</b>	<b>2 563 783</b>
<b>Total equity and liabilities</b>	<b>42 800 036</b>	<b>41 993 668</b>	<b>38 912 543</b>	<b>38 554 288</b>

Capital adequacy ratio (%)	12.65	12.35	12.13	11.64
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	10.40	10.13	9.76	9.44

**4. Off-balance Sheet Items**

<i>in PLN '000'</i>	<b>30.09.2010</b>	<b>30.06.2010</b>	<b>31.12.2009</b>	<b>30.09.2009</b>
<b>Liabilities granted and received</b>				
Liabilities granted, including:	5 789 691	6 100 222	5 879 963	5 826 270
- financial	4 197 514	4 208 561	4 094 569	4 014 385
- guarantees	1 592 177	1 891 661	1 785 394	1 811 885
Liabilities received, including:	1 506 673	1 241 526	2 452 623	2 329 511
- financial	407 483	56 103	1 228 242	930 422
- guarantees	1 099 190	1 185 423	1 224 381	1 399 089
<b>Liabilities related to the sale/purchase transactions</b>	<b>168 126 775</b>	<b>175 348 397</b>	<b>89 935 738</b>	<b>109 208 878</b>
<b>Other</b>	<b>7 316 006</b>	<b>6 989 484</b>	<b>6 574 059</b>	<b>6 356 773</b>
- collateral received	7 316 006	6 989 484	6 574 059	6 356 773

## 5. Statement of Changes in Equity

Changes in the period 01.01.2010 – 30.09.2010

<i>in PLN '000'</i>	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings/loss	Net profit/loss for the period	Total equity
<b>Equity at opening balance – as of 01.01.2010</b>	<b>1 358 294</b>	<b>782 046</b>	<b>5 716</b>	<b>340 942</b>	<b>165 301</b>	<b>0</b>	<b>2 652 299</b>
Valuation of financial assets available-for-sale			95 727				95 727
Effects of valuation of derivatives designated for cash flow hedge			26 322				26 322
Deferred tax on items recognized in equity			-23 189				-23 189
<b>Net profit/loss recognized directly in the equity</b>			<b>98 860</b>				<b>98 860</b>
Net profit/loss for the period						74 343	74 343
<b>Total of recognized income and expenses</b>			<b>98 860</b>			<b>74 343</b>	<b>173 203</b>
Profit allowance		105 301		60 000	-165 301		0
<b>Equity at end of period – as of 30.09.2010</b>	<b>1 358 294</b>	<b>887 347</b>	<b>104 576</b>	<b>400 942</b>	<b>0</b>	<b>74 343</b>	<b>2 825 502</b>

## Changes in the period 01.01.2009 – 31.12.2009

<i>in PLN '000'</i>	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings/loss	Net profit/loss for the period	Total equity
<b>Equity at opening balance – as of 01.01.2009</b>	<b>1 358 294</b>	<b>580 974</b>	<b>97 938</b>	<b>240 942</b>	<b>301 072</b>	<b>0</b>	<b>2 579 220</b>
Valuation of financial assets available-for-sale			-16 885				-16 885
Effects of valuation of derivatives designated for cash flow hedge			-96 969				-96 969
Deferred tax on items recognized in equity			21 632				21 632
<b>Net profit/loss recognized directly in the equity</b>			<b>-92 222</b>				<b>-92 222</b>
Net profit/loss for the period						165 301	165 301
<b>Total of recognized income and expenses</b>			<b>-92 222</b>			<b>165 301</b>	<b>73 079</b>
Profit allowance		201 072		100 000	-301 072		0
<b>Equity at end of period – as of 31.12.2009</b>	<b>1 358 294</b>	<b>782 046</b>	<b>5 716</b>	<b>340 942</b>	<b>0</b>	<b>165 301</b>	<b>2 652 299</b>



## Changes in the period 01.01.2009 – 30.09.2009

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

## 6. Cash Flow Statement

	3 <sup>rd</sup> quarter of 2010	Three quarters of 2010	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009
<i>in PLN '000'</i>	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009
<b>Net cash flow from operating activities</b>				
<b>Net profit (loss)</b>	<b>40 615</b>	<b>74 343</b>	<b>-1 926</b>	<b>65 822</b>
<b>Adjustments to net profit (loss) and net cash from operating activities:</b>	<b>1 180 410</b>	<b>3 680 007</b>	<b>123 057</b>	<b>301 353</b>
Current and deferred tax recognized in financial result	16 787	30 981	1 316	-11 709
Non-realised profit (loss) from currency translation differences	-29 991	-45 440	-3 370	-27 414
Depreciation	22 102	68 644	24 376	73 795
Net increase/decrease in impairment	69 220	268 228	128 417	272 416
Dividends	-49	-6 886	-33	-120 792
Interest	-109 086	-134 672	-149 664	-200 716
Net increase/decrease in provisions	717	8 488	-14 378	5 002
Profit (loss) on disposal of investments	-4 344	-7 878	-42 689	-46 508
<b>Net increase/decrease in operating assets (excluding cash)</b>	<b>-452 071</b>	<b>-1 737 095</b>	<b>2 525 607</b>	<b>1 093 243</b>
Net increase/decrease in loans and advances to banks	50 351	-865 506	23 479	35 144
Net increase/decrease in financial assets designated upon initial recognition as at fair value through profit or loss	-3 384	29 251	789 936	47 582
Net increase/decrease in financial assets held for trading and derivatives	-295 642	-621 857	446 582	1 107 222
Net increase/decrease in receivables arising from repurchase transactions	-410 900	-79 025	-3 075	-10 076
Net increase/decrease in gross loans and advances to customers	187 860	-1 153 859	1 221 309	-27 494
Paid/received income tax	-9 102	-59 525	350	-77 275
Net increase/decrease in other assets	28 746	1 013 426	47 026	18 140
<b>Net increase/decrease in operating liabilities</b>	<b>1 667 125</b>	<b>5 235 637</b>	<b>-2 346 525</b>	<b>-735 964</b>
Net increase/decrease in amounts due to Central Bank	0	-1 321 796	-1 092 339	455 026
Net increase/decrease in amounts due to banks	1 037 017	2 415 418	-477 139	-1 433 026
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	29 600	235 625	-339 436	-1 193 724
Net increase/decrease in financial liabilities held for trading (excluding derivatives)	34 982	34 982	0	0
Net increase/decrease in amounts due to customers	-369	3 086 414	-400 664	1 513 482
Net increase/decrease in liabilities arising from repurchase transactions	549 762	678 323	0	-8 991
Net increase/decrease in other liabilities	16 133	106 671	-36 947	-68 731
<b>Net cash flow from operating activities</b>	<b>1 221 025</b>	<b>3 754 350</b>	<b>121 131</b>	<b>367 175</b>

	3 <sup>rd</sup> quarter of 2010	Three quarters of 2010	3 <sup>rd</sup> quarter of 2009	Three quarters of 2009
<i>in PLN '000'</i>	01.07.2010 - 30.09.2010	01.01.2010 - 30.09.2010	01.07.2009 - 30.09.2009	01.01.2009 - 30.09.2009
<b>Net cash flow from investing activities</b>				
<b>Inflows</b>	<b>14 467 539</b>	<b>42 901 265</b>	<b>2 118 755</b>	<b>5 260 871</b>
Disposal of property, plant and equipment, intangible assets and investment properties	87	120	114	114
Disposal of interests in equity investments classified as available-for-sale	0	1 449	0	0
Disposal of investment securities	14 448 136	42 814 340	2 035 099	4 909 757
Dividends	49	6 886	33	120 792
Interest received	19 267	78 470	83 509	230 208
<b>Outflows</b>	<b>-14 895 428</b>	<b>-44 735 434</b>	<b>-3 322 424</b>	<b>-6 245 922</b>
Acquisition of property, plant and equipment, intangible assets and investment properties	-15 569	-36 401	-24 702	-46 986
Acquisition of investment securities	-14 879 859	-44 699 033	-3 297 722	-6 198 936
<b>Net cash flow from investing activities</b>	<b>-427 889</b>	<b>-1 834 169</b>	<b>-1 203 669</b>	<b>-985 051</b>
<b>Cash flow from financing activities</b>				
<b>Inflows</b>	<b>99 725</b>	<b>196 695</b>	<b>0</b>	<b>1 949 087</b>
Proceeds from a subordinated loan	0	0	0	560 116
Proceeds from loans and advances	99 725	196 695	0	1 388 971
<b>Outflows</b>	<b>-1 057 336</b>	<b>-1 905 431</b>	<b>-33 986</b>	<b>-1 348 123</b>
Repayment of loans and advances	-1 031 145	-1 825 104	0	-1 200 000
Other financial outflows	-26 191	-80 327	-33 986	-148 123
<b>Net cash flow from financing activities</b>	<b>-957 611</b>	<b>-1 708 736</b>	<b>-33 986</b>	<b>600 964</b>
<b>Net increase/decrease in cash</b>	<b>-164 475</b>	<b>211 445</b>	<b>-1 116 524</b>	<b>-16 912</b>
<b>Cash at the beginning of the period</b>	<b>1 567 059</b>	<b>1 191 139</b>	<b>2 060 843</b>	<b>961 231</b>
<b>Cash at the end of the period, including:</b>	<b>1 402 584</b>	<b>1 402 584</b>	<b>944 319</b>	<b>944 319</b>
Restricted cash	924 974	924 974	753 453	753 453

## 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	09.11.2010	Maciej Bardan	President of the Management Board	.....
------	------------	---------------	--------------------------------------	-------

date	09.11.2010	Zbigniew Kudaś	Vice President of the Management Board	.....
------	------------	----------------	---	-------

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

date	09.11.2010	Grzegorz Kędzior	Director of Accounting and External Reporting Department	.....
------	------------	------------------	--	-------