English translation of Interim Consolidated Financial Statements of Kredyt Bank S.A. Capital Group for the First Half of 2010 Ended 30.06.2010 with Independent Auditor’s Review Report

Independent Auditors' Review Report on the Interim Condensed Consolidated Financial Statements for the 6-month period ended 30 June 2010

To the Supervisory Board of Kredyt Bank S.A.

1. We have reviewed the accompanying interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group ('the Group') where Kredyt Bank S.A. is the dominant entity ('the Bank'), and is located at Kasprzaka 2/8 St, Warsaw, including the consolidated income statement for the period from 1 January 2010 to 30 June 2010, the consolidated statement of comprehensive income for the period from 1 January 2010 to 30 June 2010, the consolidated balance sheet as at 30 June 2010, the statement of changes in consolidated equity for the period from 1 January 2010 to 30 June 2010, the consolidated cash flow statement for the period from 1 January 2010 to 30 June 2010 and other explanatory notes ('the accompanying interim condensed consolidated financial statements').

2. The Bank's Management Board is responsible for the compliance of the accompanying interim condensed consolidated financial statements' with International Financial Reporting Standard IAS 34 "Interim financial reporting" as adopted by the European Union ('IAS 34'). Our responsibility was to issue a report on these financial statements based, on our review.

3. We conducted our review in accordance with the provisions of the law binding in Poland and national auditing standards issued by the National Council of Statutory Auditors in Poland. These standards require that we plan and perform our review to obtain moderate assurance as to whether the accompanying interim condensed consolidated financial statements are free of material misstatement. The review was mainly based on applying analytical procedures to the financial data, inspection of accounting records and discussions with the management of the Bank as well as its employees. The scope[1] of a review differs significantly from an audit of financial statements, the objective of which is to express an opinion on whether financial statements comply with the required applicable accounting policies, and on the truth and fairness[2] of these financial statements. Consequently, the review does not enable us to obtain sufficient assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are in accordance, in all material respects, with IAS 34.

on behalf of
Ernst & Young Audit sp. z o.o.
Rondo ONZ 1, 00-124 Warsaw
Reg. No 130

Key Certified Auditor

Dorota Snarska-Kuman
Certified auditor
No. 9667

Warsaw, 5th of August 2010

[1] Translation of the following expression in Polish language: "*zakres i metoda*"
[2] Translation of the following expression in Polish language: "*rzetelności i jasności*"

Independent Auditors' Review Report on the Interim Condensed Financial Statements for the 6-month period ended 30 June 2010

To the Supervisory Board of Kredyt Bank S.A.

1. We have reviewed the accompanying interim condensed financial statements of Kredyt Bank S.A. ('the Bank') located at Kasprzaka 2/8 St, Warsaw, including the income statement for the period from 1 January 2010 to 30 June 2010, the statement of comprehensive income for the period from 1 January 2010 to 30 June 2010, the balance sheet as at 30 June 2010, the statement of changes in equity for the period from 1 January 2010 to 30 June 2010, the cash flow statement for the period from 1 January 2010 to 30 June 2010 and other explanatory notes ('the accompanying interim condensed financial statements').

2. The Bank's Management Board is responsible for the compliance of the accompanying interim condensed financial statements with International Financial Reporting Standard IAS 34 "Interim financial reporting" as adopted by the European Union ('IAS 34') as well as for the truth and fairness[1] of the information included therein and the proper maintenance of the accounting records. Our responsibility was to issue a report on these financial statements, based on our review.

3. We conducted our review in accordance with the provisions of the law binding in Poland and national auditing standards issued by the National Council of Statutory Auditors in Poland. These standards require that we plan and perform our review to obtain moderate assurance as to whether the accompanying interim condensed financial statements are free of material misstatement. The review was mainly based on applying analytical procedures to the financial data, inspection of accounting records and discussions with the management of the Bank as well as its employees. The scope[2] of a review differs significantly from an audit of financial statements, the objective of which is to express an opinion on whether financial statements comply with the required applicable accounting policies, and on the truth and fairness[3] of these financial statements. Consequently, the review does not enable us to obtain sufficient assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are in accordance, in all material respects, with IAS 34.

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Interim Consolidated Financial Statements of Kredyt Bank S.A. Capital Group for the First Half of 2010 Ended on 30.06.2010

CONTENTS

I. Interim Condensed Consolidated Financial Statements

1. Consolidated Income Statement

in PLN '000'	Note	2nd quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2nd quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
Interest income	14	551 810	1 086 645	568 513	1 185 492
Interest expense	15	-281 310	-539 566	-299 538	-669 355
Net interest income		**270 500**	**547 079**	**268 975**	**516 137**
Fee and commission income	16	99 379	201 148	105 448	204 870
Fee and commission expense	17	-23 129	-44 489	-31 895	-58 942
Net fee and commission income		**76 250**	**156 659**	**73 553**	**145 928**
Dividend income		1 539	1 792	1 597	1 597
Net trading income		31 990	55 477	17 954	85 615
Net result on derivatives used as hedged items and hedging instruments		81	596	-1 059	87
Net gains from investment activities		30	3 684	-233	3 917
Other operating income		20 059	44 918	31 153	59 660
Total operating income		**400 449**	**810 205**	**391 940**	**812 941**
General and administrative expenses	18	-227 032	-451 915	-248 103	-518 545
Other operating expenses		-12 660	-21 982	-6 424	-19 786
Total operating expenses		**-239 692**	**-473 897**	**-254 527**	**-538 331**
Net impairment losses on financial assets, other assets and provisions		-141 383	-238 972	-89 014	-273 331
Net operating income		**19 374**	**97 336**	**48 399**	**1 279**
Share in profit (loss) of associates		551	1 215	362	697
Profit before tax		**19 925**	**98 551**	**48 761**	**1 976**
Income tax expense	19	-6 170	-25 239	-8 202	2 077
Net profit from continued operations		**13 755**	**73 312**	**40 559**	**4 053**
Net profit from discontinued operations		0	0	0	0
Net profit		**13 755**	**73 312**	**40 559**	**4 053**
Including: **Attributable to the Shareholders of the Bank**		**13 755**	**73 312**	**40 559**	**4 053**
Attributable to non-controlling interests		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)		**0.05**	**0.27**	**0.15**	**0.01**

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

Consolidated income statement should be analyzed jointly with notes which are an integral part of these financial statements

2. Consolidated Statement of Comprehensive Income

in PLN '000'	**2nd quarter of 2010** **01.04.2010 - 30.06.2010** non-audited	**Two quarters of 2010** **01.01.2010 - 30.06.2010** non-audited	Comparable data **2nd quarter of 2009** **01.04.2009 - 30.06.2009** non-audited	Comparable data **Two quarters of 2009** **01.01.2009 - 30.06.2009** non-audited
Net profit/loss for the period	**13 755**	**73 312**	**40 559**	**4 053**
Valuation of financial assets available-for-sale	-41 210	44 295	27 556	-34 606
- including deferred tax	9 668	-10 389	-6 464	8 118
Effects of valuation of derivatives designated for cash flow hedge	-537	21 228	-14 273	-73 068
- including deferred tax	125	-4 980	3 348	17 139
Other comprehensive income (loss) recognized directly in equity	**-41 747**	**65 523**	**13 283**	**-107 674**
Total comprehensive income (loss) for the period	**-27 992**	**138 835**	**53 842**	**-103 621**
Including:				
Attributable to the Shareholders of the Bank	**-27 992**	**138 835**	**53 842**	**-103 621**
Attributable to non-controlling interests	0	0	0	0

Consolidated statement of comprehensive income should be analyzed jointly with notes which are an integral part of these financial statements

3. Consolidated Balance Sheet

in PLN '000'	Note	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Assets				
Cash and balances with Central Bank		1 441 062	1 175 453	1 757 667
Gross loans and advances to banks	21	1 216 184	190 013	499 400
Impairment losses on loans and advances to banks	21	-2 260	-2 260	-2 260
Receivables arising from repurchase transactions		0	331 875	7 001
Financial assets designated upon initial recognition as at fair value through profit or loss	22	123 478	155 400	901 559
Held-for-trading financial assets (excluding derivatives)	23	1 590 660	1 179 949	1 624 866
Derivatives including:		591 221	571 410	1 125 105
- derivatives used as hedging instruments		89 227	55 741	66 014
Gross loans and advances to customers	26	28 748 715	27 297 744	28 979 908
Impairment losses on loans and advances to customers	26	-1 781 266	-1 575 886	-1 094 673
Investment securities:	24	9 374 468	8 789 642	6 243 829
- available-for-sale		6 886 155	6 036 304	4 338 473
- held-to-maturity		2 488 313	2 753 338	1 905 356
Investments in associates valued using the equity method		13 171	11 955	10 827
Property, plant and equipment	27	316 622	353 534	395 145
Intangible assets		45 509	51 248	58 778
Goodwill on subordinated companies		0	0	36 052
Deferred tax assets	19	236 902	217 383	209 289
Investment properties		232 706	222 240	204 864
Other assets		98 204	106 898	144 583
Total assets		**42 245 376**	**39 076 598**	**41 101 940**

Consolidated balance sheet should be analyzed jointly with notes which are an integral part of these financial statements

Consolidated Balance Sheet (cont.)

in PLN '000'	Note	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Liabilities				
Amounts due to Central Bank	28	6	1 321 802	2 660 640
Amounts due to banks	29	11 706 356	11 081 690	11 340 518
Derivatives including:		743 927	541 068	1 036 593
- derivatives used as hedging instruments		0	3 166	2 368
Amounts due to customers	30	25 651 880	22 469 154	22 370 493
Liabilities arising from repurchase transactions		128 561	0	0
Current tax liability		41 913	32 282	49 600
Provisions	31	69 498	53 917	69 978
Deferred tax liability	19	1 123	1 289	1 290
Other liabilities		271 532	180 997	180 251
Subordinated liabilities		903 162	805 816	849 952
Total liabilities		**39 517 958**	**36 488 015**	**38 559 315**

in PLN '000'	Note	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Equity				
Share capital	32	1 358 294	1 358 294	1 358 294
Supplementary capital		889 340	784 039	806 038
Revaluation reserve		71 239	5 716	-9 736
Reserves		400 942	340 942	340 942
Retained earnings/loss		-65 709	65 033	43 034
Current net profit attributable to the Shareholders of the Bank		73 312	34 559	4 053
Total equity attributable to the Shareholders of the Bank		**2 727 418**	**2 588 583**	**2 542 625**
Attributable to non-controlling interests		0	0	0
Total equity		**2 727 418**	**2 588 583**	**2 542 625**
Total equity and liabilities		**42 245 376**	**39 076 598**	**41 101 940**

4. Consolidated Off-balance-sheet Items

in PLN '000'	**30.06.2010** *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Liabilities granted and received			
Liabilities granted:	**5 962 739**	**5 803 368**	**5 912 250**
- financial	4 061 507	4 008 224	4 028 037
- guarantees	1 901 232	1 795 144	1 884 213
Liabilities received:	**1 221 525**	**2 409 623**	**1 404 798**
- financial	36 103	1 185 242	7 512
- guarantees	1 185 422	1 224 381	1 397 286
Liabilities related to the sale/purchase transactions	**175 348 398**	**89 935 737**	**146 723 571**
Other:	**7 576 014**	**7 140 633**	**6 617 422**
- collateral received	7 576 014	7 140 633	6 615 878
- other	0	0	1 544

5. Statement of Changes in Consolidated Equity

Changes in the period 01.01.2010-30.06.2010 ***non-audited***

in PLN '000'	Share capital	Supple-mentary capital	Revaluation reserve	Reserves	Retained earnings (losses)	Net profit/loss for the period	Total equity attributable to Shareholders of the Bank	Total equity attributable to non-controlling interests	Total equity
Equity at opening balance – as of 01.01.2010	**1 358 294**	**784 039**	**5 716**	**340 942**	**99 592**	**0**	**2 588 583**	**0**	**2 588 583**
Valuation of financial assets available-for-sale			54 684				54 684		54 684
Effects of valuation of derivatives designated for cash flow hedge			26 208				26 208		26 208
Deferred tax on items recognized in equity			-15 369				-15 369		-15 369
Net profit/loss recognized directly in the equity			**65 523**				**65 523**		**65 523**
Net profit/loss for the period						73 312	73 312		73 312
Total of recognized income and expenses			**65 523**			**73 312**	**138 835**		**138 835**
Profit allowance		105 301		60 000	-165 301		0		0
Equity at end of period – as of 30.06.2010	**1 358 294**	**889 340**	**71 239**	**400 942**	**-65 709**	**73 312**	**2 727 418**	**0**	**2 727 418**

Changes in the period 01.01.2009-31.12.2009 (comparable data)

in PLN '000'	Share capital	Supple-mentary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings (losses)	Net profit/loss for the period	Total equity attributable to Shareholders of the Bank	Total equity attributable to non-controlling interests	Total equity
Equity at opening balance – as of 01.01.2009	**1 358 294**	**604 966**	**97 938**	**240 942**	**-733**	**344 106**	**0**	**2 645 513**	**0**	**2 645 513**
Valuation of financial assets available-for-sale			-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
Net profit/loss recognized directly in the equity			**-92 222**					**-92 222**		**-92 222**
Net profit/loss for the period							34 559	34 559		34 559
Total of recognized income and expenses			**-92 222**				**34 559**	**-57 663**		**-57 663**
Other changes		-21 999			733	21 999		733		733
Profit allowance		201 072		100 000		-301 072		0		0
Equity at end of period – as of 31.12.2009	**1 358 294**	**784 039**	**5 716**	**340 942**	**0**	**65 033**	**34 559**	**2 588 583**	**0**	**2 588 583**

Changes in the period 01.01.2009-30.06.2009 (comparable data) ***non-audited***

in PLN '000'	Share capital	Supple-mentary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings (losses)	Net profit/loss for the period	Total equity attributable to Shareholders of the Bank	Total equity attributable to non-controlling interests	Total equity
Equity at opening balance – as of 01.01.2009	**1 358 294**	**604 966**	**97 938**	**240 942**	**-733**	**344 106**	**0**	**2 645 513**	**0**	**2 645 513**
Valuation of financial assets available-for-sale			-42 724					-42 724		-42 724
Effects of valuation of derivatives designated for cash flow hedge			-90 207					-90 207		-90 207
Deferred tax on items recognized in equity			25 257					25 257		25 257
Net profit/loss recognized directly in the equity			**-107 674**					**-107 674**		**-107 674**
Net profit/loss for the period							4 053	4 053		4 053
Total of recognized income and expenses			**-107 674**				**4 053**	**-103 621**		**-103 621**
Other changes					733			733		733
Profit allowance		201 072		100 000		-301 072		0		0
Equity at end of period – as of 30.06.2009	**1 358 294**	**806 038**	**-9 736**	**340 942**	**0**	**43 034**	**4 053**	**2 542 625**	**0**	**2 542 625**

6. Consolidated Cash Flow Statement

in PLN '000'	2nd quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2nd quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
Cash flow from operating activities				
Net profit	**13 755**	**73 312**	**40 559**	**4 053**
Adjustments to net profit (loss) and net cash from operating activities:	**1 189 844**	**2 327 249**	**-116 647**	**347 986**
Current and deferred tax recognized in financial result	6 170	25 239	8 202	-2 077
Non-realised profit (loss) from currency translation differences	43 320	-16 199	10 061	-24 044
Depreciation	25 378	51 757	29 102	57 811
Share in profit (loss) of associates	-551	-1 215	-362	-697
Net increase/decrease in impairment	130 068	200 168	31 044	164 430
Dividends	-1 539	-1 792	-1 597	-1 597
Interest	66 920	-119 468	-25 324	-52 983
Net increase/decrease in provisions	9 997	15 581	-14 354	10 504
Profit (loss) on disposal of investments	364	-2 775	-2 559	-4 977
Net increase/decrease in operating assets (excluding cash)	**-2 221 760**	**-1 361 041**	**1 441 245**	**-1 543 501**
Net increase/decrease in gross loans and advances to banks	-941 382	-915 857	22 107	11 390
Net increase/decrease in financial assets designated upon initial recognition as at fair value through profit or loss	-1 769	31 922	-647 946	-789 711
Net increase/decrease in held-for-trading financial assets and derivatives	-344 788	-326 215	923 870	660 639
Net increase/decrease in receivables arising from repurchase transactions	32 235	331 875	329 246	-7 001
Net increase/decrease in gross loans and advances to customers	-1 973 527	-1 450 971	847 078	-1 319 261
Net increase/decrease in current tax receivable	18 638	0	0	0
Paid/received income tax	6 199	-23 137	-38 931	-104 090
Net increase/decrease in other assets	982 634	991 342	5 821	4 533
Net increase/decrease in operating liabilities	**3 131 477**	**3 536 994**	**-1 592 105**	**1 745 117**
Net increase/decrease in amounts due to Central Bank	-207 991	-1 321 796	2 285 695	1 547 365
Net increase/decrease in amounts due to banks	2 057 980	1 281 776	-2 041 086	-955 887
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	167 490	206 025	-664 829	-854 288
Net increase/decrease in amounts due to customers	1 146 817	3 182 726	171 263	2 095 127
Net increase/decrease in liabilities arising from repurchase transactions	-18 312	128 561	-1 317 003	-8 991
Net increase/decrease in other liabilities	-14 507	59 702	-26 145	-78 209
Net cash flow from operating activities	**1 203 599**	**2 400 561**	**-76 088**	**352 039**

Consolidated cash flow statement should be analyzed jointly with notes which are an integral part of these financial statements

in PLN '000'	2^{nd} quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2^{nd} quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
Cash flow from investing activities				
Inflows	**24 152 150**	**28 520 765**	**2 422 766**	**3 024 966**
Disposal of property, plant and equipment, intangible assets and investment properties	-1 043	-149	971	2 012
Disposal of shares in subordinated companies	1 450	1 450	0	0
Disposal of investment securities	24 134 887	28 366 204	2 340 809	2 874 658
Dividends	1 539	1 792	1 597	1 597
Interest received	15 317	151 468	79 389	146 699
Outflows	**-24 484 548**	**-29 840 180**	**-2 314 837**	**-2 925 925**
Acquisition of property, plant and equipment, intangible assets and investment properties	-9 675	-21 006	-6 820	-24 711
Acquisition of investment securities	-24 474 873	-29 819 174	-2 308 017	-2 901 214
Net cash flow from investing activities	**-332 398**	**-1 319 415**	**107 929**	**99 041**
Cash flow from financing activities				
Inflows	**116 782**	**138 612**	**1 161 686**	**1 959 087**
Proceeds from a subordinated loan	0	0	485 116	560 116
Proceeds from loans and advances	116 782	138 612	676 570	1 398 971
Outflows	**-818 575**	**-843 835**	**-639 023**	**-1 310 548**
Repayment of loans and advances	-793 959	-793 959	-600 000	-1 200 000
Other financial outflows	-24 616	-49 876	-39 023	-110 548
Net cash flow from financing activities	**-701 793**	**-705 223**	**522 663**	**648 539**
Net increase/decrease in cash	**169 408**	**375 923**	**554 504**	**1 099 619**
Cash at the beginning of the period	**1 397 656**	**1 191 141**	**1 506 368**	**961 253**
Cash at the end of the period, including:	**1 567 064**	**1 567 064**	**2 060 872**	**2 060 872**
restricted cash	897 837	897 837	948 377	948 377

7. General information

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

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

These interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group ('Capital Group' or 'Group') as at 30.06.2010 comprise the financial statements of the Bank and its subsidiaries.

Below, there are subsidiaries, which, as at 30.06.2010, were consolidated with the full method:

	Parent company	Seat		
	Kredyt Bank S.A.	Warsaw		
	Subsidiary	**Seat**	**Share (%) in votes at GMS as at 30.06.2010**	**Share (%) in votes at GMS as at 30.06.2009**
1.	Reliz Sp. z o.o.	Katowice	100.00	100.00
2.	Kredyt Lease S.A.	Warsaw	100.00	100.00
3.	Kredyt Trade Sp. z o.o.	Warsaw	100.00	100.00

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

Associate	Seat	Share (%) in votes at GMS as at 30.06.2010	Share (%) in votes at GMS as at 30.06.2009
KBC Towarzystwo Funduszy Inwestycyjnych S.A.	Warsaw	30.00	30.00

As at 30.06.2010 as compared to 30.06.2009, due to the sale of shares of the subsidiary Żagiel S.A. that was consolidated with the full method, the scope of the consolidation has changed.

As compared to figures as at 31.12.2009, the list of companies consolidated with the full method and of associates has not changed.

KBC Banking and Insurance Capital Group

Kredyt Bank S.A. is a subsidiary (owned in 87.22%) of KBC Banking and Insurance Capital Group ('KBC Group') established in 1998 as a result of a merger of ABB Insurance Group, Almanij-Kreditbank Group and CERA Bank Group. KBC Group has been operating in the present structure since 2005, i.e. the merger of KBC Bank and Insurance Holding Company with Almanij. KBC Group is listed on the Euronext Stock Exchange in Brussels.

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

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

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

Under Article 55 clause 5 of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2009, No. 152, item 1223) as amended ('the Accounting Act'), starting from 01.01.2005, the consolidated financial statements of the Group have been prepared in compliance with the International Accounting Standards ('IAS') and the International Financial Reporting Standards ('IFRS') that were approved by the European Union ('EU').

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

The interim condensed consolidated financial statements of the Group for the first half of 2010 ended on 30.06.2010 have been prepared in accordance with the requirements of IAS and IFRS complying with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended on 31.12.2009, and with IAS 34 *Interim Financial Reporting*, except for the application of amendments to standards and new interpretations valid for annual periods beginning on or after 1.07.2010 and approved by the European Union. As of the date of approving these financial statements for publication, having regard for the present process of implementing IFRS in the EU and the Group's operations, as regards the scope of the accounting principles applied by the Group, there is no difference between the IFRS that came into force and IFRS approved by the EU.

As regards matters not governed by the above-mentioned standards, these financial statements have been prepared according to the Accounting Act and executive regulations thereto, and the Ordinance of the Minister of Finance of 19.02.2009 on current and interim information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2009, No. 33, item 259).

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

These interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group were approved for publication by the Management Board of Kredyt Bank S.A. on 05.08.2010.

These interim condensed consolidated financial statements were reviewed by the key certified auditor acting on behalf of the authorized entity, i.e. Ernst & Young Audit sp. z o.o. The review was performed in accordance with the Polish law and the National Financial Review Standards issued by the National Chamber of Statutory Auditors. Quarterly figures for the second quarter of 2010 and the second quarter of 2009 have not been reviewed or audited by a certified auditor.

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

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

These interim condensed consolidated financial statements do not cover all information and disclosures required in annual financial statements and should be read jointly with the consolidated financial statements of Kredyt Bank S.A. Capital Group for the year ended on 31.12.2009.

9. Description of the major applied accounting principles

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

Below, we are presenting new or amended IAS and IFRS standards as well as new IFRIC interpretations that the Group has applied this year. Their application has not affected the financial statements to a large extent:

- IFRS 3 *Business Combinations* (amended in January 2008) – applicable to annual periods beginning on 1 July 2009 or later;
- IAS 27 *Consolidated and Separate Financial Statements* (amended in January 2008) – applicable to annual periods beginning on 1 July 2009 or later;
- Amendments to IAS 39 *Financial Instruments*: *Recognition and Measurement: Eligible Hedged Items* (amendments published in July 2008) – applicable to annual periods beginning on 1 July 2009 or later;
- Restated IFRS 1 *First–time Adoption of International Financial Reporting Standards* (amended in November 2008) – applicable to annual periods beginning on 1 July 2009 or later;
- IFRIC 17 *Distributions of Non–cash Assets to Owners* – applicable to annual periods beginning on 1 July 2009 or later;
- Amendments resulting from the IFRS review (published in May 2008) – a part of the amendments is applicable to annual periods beginning on 1 January 2010;
- Amendments resulting from the IFRS review (published in April 2009) – a part of the amendments is applicable to annual periods beginning on 1 July 2009 and part to annual periods beginning on 1 January 2010;
- Amendments to IFRS 2 *Share-based Payments: Group Cash–settled Share-based Payment Transactions* (amended in June 2009) – applicable to annual periods beginning on 1 January 2010 or later;
- Amendments to IFRS 1 *First–time Adoption of International Financial Reporting Standards: Additional Exemptions for First-time Adopters* – applicable to annual periods beginning on 1 January 2010 or later.

The following standards and interpretations have been issued by the IASB or the IFRIC, however are not in force yet:

- Amendments to IAS 32 *Financial Instruments: Presentation: Classification of Rights Issues* – applicable to annual periods beginning on 1 February 2010 or later;
- An amendment to IFRS 1 *First–time Adoption of International Financial Reporting Standards: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* – applicable to annual periods beginning on 1 July 2010 or later;
- IAS 24 *Related Party Disclosures* (amended in November 2009) – applicable to annual periods beginning on 1 January 2011 or later;
- Amendments to IFRIC 14 IAS 19 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayments of a Minimum Funding Requirements* – applicable to annual periods beginning on 1 January 2011 or later;
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – applicable to annual periods beginning on 1 July 2010 or later;
- IFRS 9 *Financial Instruments* – applicable to annual periods beginning on 1 January 2013 or later; by the date of the approval of these financial statements, not approved by the EU;
- Amendments resulting from the IFRS review (published in May 2010) - a part of the amendments is applicable to annual periods beginning on 1 July 2010 and part to annual periods beginning on 1 January 2011; by the date of the approval of these financial statements, not approved by the EU.

The Management Board does not predict that the introduction of the above standards and interpretations will materially affect the Group's accounting principles (policy), except for the amendments which will result from the amendments introduced by IFRS 9. The effect of amendments resulting from IFRS 9 which was published by the date of approving these financial statements will affect the presentation of the

Group’s balance sheet items and the disclosures presented in Notes, however, these amendments will not materially affect the Group's net profit.

The Group has not introduced any material changes in the applied accounting principles as compared to the principles and methods described in the published consolidated financial statements of the Group as at 31.12.2009.

9.2. 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 portfolios of financial assets and liabilities managed jointly in order to generate profits in a short time horizon, and also derivatives;
- financial assets or liabilities which, upon 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 entails credit risk; the respective charges are recognized in the income statement.

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments 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 settled discount or premium is recognized in net interest income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted 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 charge is recognized in the income statement in correspondence with accounts of provisions which adjust assets value.

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

Outflows from assets disposal are calculated with the FIFO method.

Financial liabilities not held for trading

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

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

Hedge accounting

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

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

- 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 flows hedge, which meets hedge accounting conditions, is recognized by the Group as follows:

- a portion of gains or losses associated with the hedging instrument, which constitutes an effective hedge, is 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 recognised in the income statement in interest income/expense respectively.

Effective interest rate method

The Group has been amortising, into income statement, commission/fee income and expenses as well as certain 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 coupon rates, commissions/fees and certain external costs connected with the financial instruments (with the effective interest method rate or straight-line method) depends on the nature of a given instrument. In the case of financial instruments with fixed cash flows schedules, the method of the effective interest rate is applied. In the case of instruments with undefined cash flows schedules, it is impossible to calculate the effective interest rate and commissions/fees are settled on the straight-line basis over time.

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

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

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

9.3. The values of deferred tax assets

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.

9.4. Investment properties

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

10. Accounting estimates

The preparation of financial statements in line with the IFRS requires a professional judgment of the Bank's Management Board and Management Boards of the Group's companies on the adopted accounting principles and accounting estimates applied with respect to balance sheet items and income statement items. Estimates are related to uncertain future events and are made basing on historical data and a number of assumptions based on the facts available as at the balance sheet date, resulting from internal and external conditions. The actual results of future business operations may differ from the present accounting estimates as at the balance sheet date. Therefore, accounting estimates are verified on a regular basis. Changes in estimates are recognized in the financial statements in the period they were introduced. If such changes are also related to future periods, the assumptions being the basis for the estimates for future periods are also adjusted.

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

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

In these interim financial statements, the Group applied the same principles as regards the accounting estimates as in the annual financial statements for 2009.

11. Comparable data

Comparable data for previous reporting periods included in these financial statements comprise the presentation changes introduced in the financial statements prepared as at 30.06.2010.

Consolidated Income Statement

	Published data	Changes	Comparable data
	First half of 2009 01.01.2009 - 30.06.2009		First half of 2009 01.01.2009 - 30.06.2009
General and administrative expenses	-518 046	-499	-518 545
Other operating expenses	-20 285	+499	-19 786

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 Note I.18.

Consolidated Balance Sheet

	Published data	Changes	Comparable data
	30.06.2009		**30.06.2009**
Financial assets at fair value through profit or loss, including held-for-trading financial assets (excluding derivatives)	2 526 425	-2 526 425	0
Financial assets designated upon initial recognition as at fair value through profit or loss	0	+901 559	901 559
Held-for-trading financial assets (excluding derivatives)	0	+1 624 866	1 624 866
	31.12.2009		**31.12.2009**
Financial assets at fair value through profit or loss, including held-for-trading financial assets (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
Held-for-trading financial assets (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. Segment reporting

Since 1.01.2009, in accordance with the assumptions of IFRS 8, the method of presenting 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.

Due to the above changes, the Group accordingly restated the comparable data for the first half of 2009.

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

Retail Segment

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 offices 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.

Beside the traditional products such as loans, deposits, settlement services, 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 leasing of property, plant and equipment.

Treasury Segment

Treasury Segment, in management terms, comprises the result of the transactions performed by the Bank on its own account as an active participant of the money market (Treasury and NBP bills), bonds market (Treasury and commercial bonds), currency market and interbank market. The result of the segment also includes net income on derivative instruments transactions: forward, FX swap, IRS, CIRS, FRA, interest rate and currency options, except for write-downs for credit risk. Besides the trading activities carried by the Bank on its own account, the segment is responsible for 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 entails 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 the financing of lending activities and interest income on the sale of deposit resources in internal transactions and they result from the application of an internal price (transfer rate) determined on the basis of reference rates (money market rates) for particular deposit and credit products.

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

Net commission income and other net income entails:

- commissions for the keeping of accounts and transactions;

- commissions related to credit, debit and other cards;

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

- commissions related to insurance products;

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

- other net income entailing 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 repos, bonds, IRS and FX options.

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

- net trading income, 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 expenses 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 assets of the segment 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.

The Group's net result for the second quarter of 2010 by business segments (breakdown according to management reporting)

non-audited

in PLN '000'	Retail Segment	Enterprises Segment	Treasury Segment	Other	Total
Net interest income, including:	**171 755**	**73 679**	**37 276**	**-1 442**	**281 268**
- lending activities	145 435	50 082		-1 461	194 056
- depositing activities	28 709	25 471		19	54 199
- the cost of financing cash kept in the Bank's branches	-2 389	-1 874	4 263		0
Net commission income and other net income	**42 700**	**25 808**	**0**	**5 624**	**74 132**
- commissions related to the keeping of accounts and transactions	21 151	12 415		259	33 825
- commissions related to cards	20 215	1 172		-969	20 418
- commissions related to shares in investment funds societies	8 462	704			9 166
- commissions related to insurance products	-2 847	-111			-2 958
- commissions related to foreign transactions	9	3 930		119	4 058
- other	-4 290	7 698		6 215	9 623
Net income from treasury transactions	**13 346**	**11 879**	**8 688**	**815**	**34 728**
- exchange transactions	13 308	11 238	9 929	139	34 614
- derivatives and securities	38	641	-1 241	676	114
Net gains from investment activities		**100**	**30**	**1 439**	**1 569**
Operating income before tax	**227 801**	**111 466**	**45 994**	**6 436**	**391 697**
Net impairment losses on financial assets, other assets and provisions	**-91 901**	**-48 066**	**0**	**-5 324**	**-145 291**
Group's general and administrative expenses, including:	**-170 377**	**-43 135**	**-7 878**	**-5 642**	**-227 032**
- the costs of the operation of business functions (direct expenses)	-100 838	-28 773	-4 652	-67 391	-201 654
- allocated expenses	-50 048	-11 773	-2 342	64 163	0
- depreciation (direct expenses)	-12 479	-937	-561	-11 401	-25 378
- depreciation (allocated expenses)	-7 012	-1 652	-323	8 987	0
Net operating income	**-34 477**	**20 265**	**38 116**	**-4 530**	**19 374**
Share in profit (loss) of associates					551
Income tax expense					-6 170
Net profit/loss					**13 755**

The Group's net result for the first half of 2010 by business segments (breakdown according to management reporting)

non-audited

in PLN '000'	**Retail Segment**	**Enterprises Segment**	**Treasury Segment**	**Other**	**Total**
Net interest income, including:	**353 706**	**139 634**	**76 774**	**-2 951**	**567 163**
- lending activities	299 123	93 298		-2 986	389 435
- depositing activities	59 345	50 093		35	109 473
- the cost of financing cash kept in the Bank's branches	-4 762	-3 757	8 519		0
Net commission income and other net income	**95 673**	**48 892**	**0**	**15 841**	**160 406**
- commissions related to the keeping of accounts and transactions	42 503	24 647		595	67 745
- commissions related to cards	42 808	2 290		-3 679	41 419
- commissions related to shares in investment funds societies	20 230	1 352			21 582
- commissions related to insurance products	-5 775	-187			-5 962
- commissions related to foreign transactions	69	7 601		233	7 903
- other	-4 162	13 189		18 692	27 719
Net income from treasury transactions	**20 133**	**24 203**	**9 817**	**176**	**54 329**
- exchange transactions	20 071	23 057	13 144	661	56 933
- derivatives and securities	62	1 146	-3 327	-485	-2 604
Net gains from investment activities		**100**	**3 684**	**1 692**	**5 476**
Operating income before tax	**469 512**	**212 829**	**90 275**	**14 758**	**787 374**
Net impairment losses on financial assets, other assets and provisions	**-172 731**	**-50 754**	**0**	**-14 638**	**-238 123**
Group's general and administrative expenses, including:	**-337 229**	**-82 960**	**-20 119**	**-11 607**	**-451 915**
- the costs of the operation of business functions (direct expenses)	-200 281	-55 784	-12 369	-131 724	-400 158
- allocated expenses	-97 014	-22 187	-5 788	124 989	0
- depreciation (direct expenses)	-25 953	-1 792	-1 128	-22 884	-51 757
- depreciation (allocated expenses)	-13 981	-3 197	-834	18 012	0
Net operating income	**-40 448**	**79 115**	**70 156**	**-11 487**	**97 336**
Share in profit (loss) of associates					1 215
Income tax expense					-25 239
Net profit/loss					**73 312**

The Group's net result for the second quarter of 2009 by business segments (breakdown according to management reporting)

(comparable data) *non-audited*

in PLN '000'	Retail Segment	Enterprises Segment	Treasury Segment	Other	Total
Net interest income, including:	**205 135**	**70 739**	**8 776**	**-6 159**	**278 491**
- lending activities	178 874	43 917		-6 190	216 601
- depositing activities	28 567	28 551		31	57 149
- the cost of financing cash kept in the Bank's branches	-2 306	-1 729	4 035		0
Net commission income and other net income	**42 609**	**40 337**	**0**	**16 006**	**98 952**
- commissions related to the keeping of accounts and transactions	20 907	11 533		247	32 687
- commissions related to cards	12 425	1 191			13 616
- commissions related to shares in investment funds societies	7 458	533			7 991
- commissions related to insurance products	-6 075	-62			-6 137
- commissions related to foreign transactions	94	3 442		139	3 675
- other	7 800	23 700		15 620	47 120
Net income from treasury transactions	**7 750**	**12 268**	**15 391**	**908**	**36 317**
- exchange transactions	7 737	11 657	17 687	2 642	39 723
- derivatives and securities	13	611	-2 296	-1 734	-3 406
Net gains from investment activities			**515**	**849**	**1 364**
Operating income before tax	**255 494**	**123 344**	**24 682**	**11 604**	**415 124**
Net impairment losses on financial assets, other assets and provisions	**-98 352**	**-28 552**	**0**	**8 282**	**-118 622**
Group's general and administrative expenses, including:	**-203 181**	**-28 985**	**-9 850**	**-6 087**	**-248 103**
- the costs of the operation of business functions (direct expenses)	-137 510	-20 418	-6 342	-54 731	-219 001
- allocated expenses	-42 560	-6 562	-2 443	51 565	0
- depreciation (direct expenses)	-14 847	-746	-602	-12 907	-29 102
- depreciation (allocated expenses)	-8 264	-1 259	-463	9 986	0
Net operating income	**-46 039**	**65 807**	**14 832**	**13 799**	**48 399**
Share in profit (loss) of associates					362
Income tax expense					-8 202
Net profit/loss					**40 559**

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

(comparable data) *non-audited*

in PLN '000'	Retail Segment	Enterprises Segment	Treasury Segment	Other	Total
Net interest income, including:	**413 858**	**145 039**	**-12 483**	**-6 873**	**539 541**
- lending activities	371 322	89 306		-6 942	453 686
- depositing activities	47 736	59 632		69	107 437
- the cost of financing cash kept in the Bank's branches	-5 200	-3 899	9 099		0
Net commission income and other net income	**86 030**	**61 342**	**0**	**25 212**	**172 584**
- commissions related to the keeping of accounts and transactions	41 374	22 368		550	64 292
- commissions related to cards	28 857	2 299			31 156
- commissions related to shares in investment funds societies	13 537	898			14 435
- commissions related to insurance products	-12 087	-137			-12 224
- commissions related to foreign transactions	196	6 853		255	7 304
- other	14 153	29 061		24 407	67 621
Net income from treasury transactions	**12 626**	**25 946**	**64 964**	**8 220**	**111 756**
- exchange transactions	12 549	23 217	46 180	10 168	92 114
- derivatives and securities	77	2 729	18 784	-1 948	19 642
Net gains from investment activities		**0**	**515**	**4 999**	**5 514**
Operating income before tax	**512 514**	**232 327**	**52 996**	**31 558**	**829 395**
Net impairment losses on financial assets, other assets and provisions	**-174 584**	**-141 930**	**0**	**6 943**	**-309 571**
Group's general and administrative expenses, including:	**-420 438**	**-63 535**	**-22 913**	**-11 659**	**-518 545**
- the costs of the operation of business functions (direct expenses)	-295 768	-46 746	-15 553	-102 667	-460 734
- allocated expenses	-78 961	-12 802	-5 106	96 869	0
- depreciation (direct expenses)	-28 819	-1 249	-1 161	-26 582	-57 811
- depreciation (allocated expenses)	-16 890	-2 738	-1 093	20 721	0
Net operating income	**-82 508**	**26 862**	**30 083**	**26 842**	**1 279**
Share in profit (loss) of associates					697
Income tax expense					2 077
Net profit/loss					**4 053**

The allocation of assets by business segments as at 30.06.2010 *non-audited*

in PLN '000'	**Retail Segment**	**Enterprises Segment**	**Treasury Segment**	**Other**	**Total**
Loans and advances to customers	20 134 132	8 518 375			28 652 507
Loans and advances to banks			1 179 520		1 179 520
Securities			11 088 606		11 088 606
Other			591 221	733 522	1 324 743
Total	**20 134 132**	**8 518 375**	**12 859 347**	**733 522**	**42 245 376**

The allocation of assets by business segments as at 31.12.2009 **(comparable data)** *non-audited*

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

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

in PLN '000'	**Retail Segment**	**Enterprises Segment**	**Treasury Segment**	**Other**	**Total**
Loans and advances to customers	19 536 036	9 354 508			28 890 544
Loans and advances to banks	16	276	497 259		497 551
Securities			8 770 254		8 770 254
Other			1 125 105	1 818 486	2 943 591
Total	**19 536 052**	**9 354 784**	**10 392 618**	**1 818 486**	**41 101 940**

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

in PLN '000'	**01.04.2010-30.06.2010**
Net interest income - management information	**281 268**
- commissions on loans	11 482
+ operating expenses (interest on finance lease)	-390
+ operating income (the collection of statutory interest)	2 624
+ commissions related to foreign transactions	95
- structured deposit – interest adjustment	1 630
+ other	15
Net interest income - financial statements	**270 500**
Net commission income and other net income - management information	**74 132**
+ commissions on loans	11 482
- operating expenses (interest on finance lease)	-390
- operating income (the collection of statutory interest)	2 624
- commissions related to foreign transactions	95
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-3 549
- reversal of provisions related to the sale of debt	3 170
- other	15
Net commission income and other income - financial statements – presented as:	**83 649**
Net fee and commission income	76 250
Other operating income	20 059
Other operating expenses	-12 660
Net income from treasury transactions - management information	**34 728**
+ provision for potential losses related to active derivatives	-738
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-3 549
+ structured deposit – interest adjustment	1 630
Net trading income and net result on derivatives used as hedging instruments - financial statements – presented as:	**32 071**
Net trading income	31 990
Net result on derivatives used as hedging instruments and hedged items	81
Net gains from investment activities - management information	**1 569**
Net gains from investment activities and dividend income - financial statements – presented as:	**1 569**
Net gains from investment activities	30
Dividend income	1 539
Operating income before tax - management information	**391 697**
+ provision for potential losses related to active derivatives	-738
- reversal of provisions related to the sale of debt	3 170
Operating income before tax - financial statements – presented as:	**387 789**
Total operating income	400 449
Other operating expenses	-12 660

Net impairment losses on financial assets, other assets and provisions - management information	**-145 291**
- provision for potential losses related to active derivatives	-738
+ reversal of provisions related to the sale of debt	3 170
Net impairment losses on financial assets, other assets and provisions – financial statements	**-141 383**

in PLN '000'	**01.01.2010-30.06.2010**
Net interest income - management information	**567 163**
- commissions on loans	23 097
+ operating expenses (interest on finance lease)	-832
+ operating income (the collection of statutory interest)	5 279
+ commissions related to foreign transactions	156
- structured deposit – interest adjustment	1 630
+ other	40
Net interest income - financial statements	**547 079**
Net commission income and other net income - management information	**160 406**
+ commissions on loans	23 097
- operating expenses (interest on finance lease)	-832
- operating income (the collection of statutory interest)	5 279
- commissions related to foreign transactions	156
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-3 905
- reversal of provisions related to the sale of debt	3 170
- other	40
Net commission income and other income - financial statements – presented as:	**179 595**
Net fee and commission income	156 659
Other operating income	44 918
Other operating expenses	-21 982
Net income from treasury transactions - management information	**54 329**
+ provision for potential losses related to active derivatives	4 019
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-3 905
+ structured deposit – interest adjustment	1 630
Net trading income and net result on derivatives used as hedging instruments - financial statements – presented as:	**56 073**
Net trading income	55 477
Net result on derivatives used as hedging instruments and hedged items	596
Net gains from investment activities - management information	**5 476**
Net gains from investment activities and dividend income - financial statements – presented as:	**5 476**
Net gains from investment activities	3 684
Dividend income	1 792

Operating income before tax - management information	**787 374**
+ provision for potential losses related to active derivatives	4 019
- reversal of provisions related to the sale of debt	3 170
Operating income before tax - financial statements – presented as:	**788 223**
Total operating income	810 205
Other operating expenses	-21 982
Net impairment losses on financial assets, other assets and provisions - management information	**-238 123**
- provision for potential losses related to active derivatives	4 019
+ reversal of provisions related to the sale of debt	3 170
Net impairment losses on financial assets, other assets and provisions – financial statements	**-238 972**

in PLN '000'	**01.04.2009-30.06.2009**
Net interest income - management information	**278 491**
- commissions on loans	13 731
+ operating expenses (interest on finance lease)	-580
+ operating income (the collection of statutory interest)	4 167
+ commissions related to foreign transactions	293
+ other	335
Net interest income - financial statements	**268 975**
Net commission income and other net income - management information	**98 952**
+ commissions on loans	13 731
- reversal of provisions related to the sale of debt	10 186
- operating expenses (interest on finance lease)	-580
- operating income (the collection of statutory interest)	4 167
- commissions related to foreign transactions	293
- other	335
Net commission income and other income - financial statements – presented as:	**98 282**
Net fee and commission income	73 553
Other operating income	31 153
Other operating expenses	-6 424
Net income from treasury transactions - management information	**36 317**
+ provision for potential losses related to active derivatives	-19 422
Net trading income and net result on derivatives used as hedging instruments - financial statements – presented as:	**16 895**
Net trading income	17 954
Net result on derivatives used as hedging instruments and hedged items	-1 059
Net gains from investment activities - management information	**1 364**
Net gains from investment activities and dividend income - financial statements – presented as:	**1 364**
Net gains from investment activities	-233

Dividend income	1 597
Operating income before tax - management information	**415 124**
+ provision for potential losses related to active derivatives	-19 422
- reversal of provisions related to the sale of debt	10 186
Operating income before tax - financial statements – presented as:	**385 516**
Total operating income	391 940
Other operating expenses	-6 424

Net impairment losses on financial assets, other assets and provisions - management information	**-118 622**
- provision for potential losses related to active derivatives	-19 422
+ reversal of provisions related to the sale of debt	10 186
Net impairment losses on financial assets, other assets and provisions – financial statements	**-89 014**

in PLN '000'	**01.01.2009-30.06.2009**
Net interest income - management information	**539 541**
- commissions on loans	28 147
+ operating expenses (interest on finance lease)	-1 221
+ operating income (the collection of statutory interest)	6 175
+ commissions related to foreign transactions	377
+ other	-588
Net interest income - financial statements	**516 137**
Net commission income and other net income - management information	**172 584**
+ commissions on loans	28 147
- reversal of provisions related to the sale of debt	10 186
- operating expenses (interest on finance lease)	-1 221
- operating income (the collection of statutory interest)	6 175
- commissions related to foreign transactions	377
- other	-588
Net commission income and other income - financial statements – presented as:	**185 802**
Net fee and commission income	145 928
Other operating income	59 660
Other operating expenses	-19 786
Net income from treasury transactions - management information	**111 756**
+ provision for potential losses related to active derivatives	-26 054
Net trading income and net result on derivatives used as hedging instruments - financial statements – presented as:	**85 702**
Net trading income	85 615
Net result on derivatives used as hedging instruments and hedged items	87
Net gains from investment activities - management information	**5 514**
Net gains from investment activities and dividend income - financial statements – presented as:	**5 514**
Net gains from investment activities	3 917
Dividend income	1 597

Operating income before tax - management information	**829 395**
+ provision for potential losses related to active derivatives	-26 054
- reversal of provisions related to the sale of debt	10 186
Operating income before tax - financial statements – presented as:	**793 155**
Total operating income	812 941
Other operating expenses	-19 786

Net impairment losses on financial assets, other assets and provisions - management information	**-309 571**
- provision for potential losses related to active derivatives	-26 054
+ reversal of provisions related to the sale of debt	10 186
Net impairment losses on financial assets, other assets and provisions – financial statements	**-273 331**

in PLN '000'	**Management information**	**Interest**	**Financial statements**
30.06.2010			
Loans and advances to customers	28 652 507	96 208	28 748 715
Loans and advances to banks	1 179 520	36 664	1 216 184
31.12.2009 (comparable data)			
Loans and advances to customers	27 206 651	91 093	27 297 744
Loans and advances to banks	188 527	1 486	190 013
30.06.2009 (comparable data)			
Loans and advances to customers	28 890 544	89 364	28 979 908
Loans and advances to banks	497 551	1 849	499 400

in PLN '000'	**30.06.2010**
Securities - management information	**11 088 606**
Securities - financial statements – presented as:	**11 088 606**
Financial assets designated upon initial recognition as at fair value through profit or loss	123 478
Held-for-trading financial assets (excluding derivatives)	1 590 660
Investment securities	9 374 468
	Comparable data **31.12.2009**
Securities - management information	**10 124 991**
Securities - financial statements – presented as:	**10 124 991**
Financial assets designated upon initial recognition as at fair value through profit or loss	155 400
Held-for-trading financial assets (excluding derivatives)	1 179 949
Investment securities	8 789 642
	Comparable data **30.06.2009**
Securities - management information	**8 770 254**
Securities - financial statements – presented as:	**8 770 254**
Financial assets designated upon initial recognition as at fair value through profit or loss	901 559
Held-for-trading financial assets (excluding derivatives)	1 624 866
Investment securities	6 243 829

13. The Group's financial standing

The Group's net result and result before tax

In the first half of 2010, the Group generated net profit amounting to PLN 73,312 thousand, as compared to net profit in the first half of 2009 amounting to PLN 4,053 thousand. The significant difference between the net profit generated in the first half of 2010 as compared to the first half of 2009 results mainly from the decrease in general and administrative expenses by PLN 66,630 thousand and the decrease in net impairment losses on financial assets, other assets and provisions, whose negative balance in the first half of 2010 amounted to PLN 238,972 thousand as compared to PLN 273,331 thousand recorded in the first half of 2009. The changes were partially set off by lower, by PLN 29,667 thousand, net gains from trading and investment activities (including net result on derivatives used as hedging instruments and hedged items and dividend income) and lower net gains from other operating income/expenses by PLN 16,938 thousand.

The Group's net operating income (less other operating expenses) in the first half of 2010, as compared to the first half of 2009 remained at a similar level (a decrease by 0.6%), while general and administrative expenses fell by 12.8%.

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

in PLN '000'	2nd quarter of 2010 non-audited	2nd quarter of 2009 non-audited	Change (%)	Two quarters of 2010 non-audited	Two quarters of 2009 non-audited	Change (%)
Net interest income	270 500	268 975	0.6%	547 079	516 137	6.0%
Net fee and commission income	76 250	73 553	3.7%	156 659	145 928	7.4%
Net gains from trading and investment activities*	33 640	18 259	84.2%	61 549	91 216	-32.5%
Net gains from other operating income/expenses	7 399	24 729	-70.1%	22 936	39 874	-42.5%
Total	**387 789**	**385 516**	**0.6%**	**788 223**	**793 155**	**-0.6%**
General and administrative expenses	-227 032	-248 103	-8.5%	-451 915	-518 545	-12.8%
Net impairment losses on financial assets, other assets and provisions	-141 383	-89 014	58.8%	-238 972	-273 331	-12.6%
Total	**-368 415**	**-337 117**	**9.3%**	**-690 887**	**-791 876**	**-12.8%**
Share in profit (loss) of associates	551	362	52.2%	1 215	697	74.3%
Profit (loss) before tax	**19 925**	**48 761**	**-59.1%**	**98 551**	**1 976**	**4 887.4%**
Income tax expense	-6 170	-8 202	-24.8%	-25 239	2 077	
Net profit (loss)	**13 755**	**40 559**	**-66.1%**	**73 312**	**4 053**	**1 708.8%**

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

In the second quarter of 2010, the Group generated net profit amounting to PLN 13,755 thousand, as compared to net profit in the second quarter of 2009 amounting to PLN 40,559 thousand. The significant difference between the net profit generated in the second quarter of 2010 as compared to the second quarter of 2009 results mainly from the increase in net impairment losses on financial assets, other assets and provisions, whose negative balance in the second quarter of 2010 amounted to PLN 141,383 thousand, whereas, in the second quarter of 2009, the balance amounted to PLN 89,014 thousand, and also from lower net gains from other operating income/expenses by PLN 17,330 thousand. The changes were partially set off by lower, by PLN 21,071 thousand, general and administrative expenses and higher, by PLN 15,381 thousand, net gains from trading and investment activities (including net result on derivatives used as hedging instruments and hedged items and dividend income).

The Group's net operating income (less other operating expenses) in the second quarter of 2010, as compared to the second quarter of 2009, remained at a similar level (an increase by 0.6%), while general and administrative expenses fell by 8.5%.

Net interest, fee and commission income

Net interest income generated by the Group in the first half of 2010 amounted to PLN 547,079 thousand and was higher by 6.0% than the result generated in the first half of 2009, mainly due to the increase in net interest income on debt securities and the decrease in expenses due to the smaller scale of financing with repurchase transactions.

Net interest income generated by the Group in the second quarter of 2010 amounted to PLN 270,500 thousand and remained at a similar level as in the second quarter of 2009 (an increase by 0.6%).

Net fee and commission income in the first half of 2010 amounted to PLN 156,659 thousand and was higher, by PLN 10,731 thousand (by 7.4%), than net income generated in the first half of 2009, mainly due to the increase in income from the sale and management of combined investment and insurance products by PLN 10,743 thousand.

Net fee and commission income in the second quarter of 2010 amounted to PLN 76,250 thousand and was higher, by PLN 2,697 thousand (by 3.7%), than net income generated in the second quarter of 2009, mainly due to the increase in income from the sale and management of combined investment and insurance products by PLN 3,039 thousand.

Net gains from trading and investment activities

In the first half 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 61,549 thousand as compared to PLN 91,216 thousand recorded in the first half of 2009. Lower net gains from trading and investment activities as compared to the corresponding period in the previous year were mainly the result of lower, by PLN 35,237 thousand, result on foreign exchange and lower, by PLN 13,253 thousand, result on debt securities balanced with the increase, by PLN 30,073 thousand, in the result on provisions for derivatives.

In the second 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 33,640 thousand as compared to PLN 18,259 thousand recorded in the second 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 18,685 thousand, result on provisions for derivatives.

Net gains from other operating income/expenses

Net gains from other operating activities for the first half of 2010 amounted to PLN 22,936 thousand and were lower by 42.5% than the figure in the first half of 2009. Rental income in Reliz is the item which affects other operating income on a continuous basis. In the first half of 2010, the income of Reliz (after consolidation exclusions) amounted to PLN 15,355 thousand and was lower by PLN 2,075 thousand as compared to the first half of 2009 (the decrease results from currency translation differences). In the first half of 2010, as compared to the corresponding period in the previous year, the Group also recorded lower, by PLN 5,891 thousand, inflows related to recovered receivables and higher, by PLN 5,887 thousand, net impairment losses mainly for trade receivables (significant reversals of impairment losses took place in the first quarter of 2009).

Net gains from other operating activities in the second quarter of 2010 amounted to PLN 7,399 thousand and were lower by 70.1% than the figure in the second quarter of 2009. The main reasons for the decrease in the result in this category in the second quarter of 2010 are identical to the ones described above.

General and administrative expenses

In the first half of 2010, staff costs amounted to PLN 202,899 thousand, which means a decrease as compared to the first half of 2009 by PLN 28,149 thousand (12.2%). In the second quarter of 2010, staff costs amounted to PLN 101,472 thousand, which means a decrease as compared to the second quarter of 2009 by PLN 4,331 thousand (4.1%). The decrease in staff costs both in the first half of 2010 and in the second quarter of 2010 as compared to the corresponding periods in 2009 results mainly from the decrease in the employment in the Group.

At the end of the first half of 2010, the employment in the Group decreased by 1,686 FTEs, as compared to the end of the first half of 2009, including the decrease by 1,224 FTEs related to the sale of the shares of Żagiel. At the same time, 117 former employees of Żagiel were employed in Kredyt Bank.

Employment *	30.06.2010 non-audited	30.06.2009 non-audited	Change	Change (%)
KB	4 762	5 209	-447	-9%
Other companies	89	1 328	-1 239	-93%
Total	**4 851**	**6 537**	**-1 686**	**-26%**

** Figures in FTEs.*

The Group's general expenses, excluding staff costs, in the first half of 2010 amounted to PLN 197,259 thousand and, compared to the first half of 2009, they were lower by PLN 32,427 thousand (by 14.1%). It was related mainly to the decrease in:

- costs of buildings lease (PLN 11,466 thousand);
- costs of taxes and fees (PLN 5,917 thousand);
- IT and telecommunications costs (PLN 3,020 thousand);
- postal charges (PLN 2,920 thousand);
- costs of advisory and specialist services (PLN 2,851 thousand).

The Group's general expenses, excluding staff costs, in the second quarter of 2010 amounted to PLN 100,182 thousand and, compared to the second quarter of 2009, they were lower by PLN 13,016 thousand (by 11.5%), which was related mainly to the decrease in:

- costs of buildings lease (PLN 6,472 thousand);
- costs of taxes and fees (PLN 2,043 thousand);
- IT and telecommunications costs (PLN 1,313 thousand).

The sale and deconsolidation of Żagiel S.A. in the fourth quarter of 2009 are one of the main reasons for the decrease in expenses both in the first half of 2010 and in the second quarter of 2010, as compared to the corresponding periods in 2009. The decrease in expenses also results from the close control of expenses introduced already in 2009 and the employment restructuring process carried out in the Group.

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 the first half of 2010, a decision was made to combine certain units to streamline the costs and achieve the synergy effect.

in units	30.06.2010 non-audited	31.12.2009	30.06.2009 non-audited
Bank's outlets	384	402	402
Outlets of Żagiel S.A. ('Kredyt Punkt' outlets)	0	0	261

Cost/income ratio (CIR)

The cost/income ratio both in the second quarter of 2010 and in the whole first half of 2010 was much improved as compared to corresponding periods in the previous year – a decrease, respectively, from 64.4% to 58.5% (second quarter) and from 65.4% to 57.3% (first half). The decrease results mainly from a significant decrease in general and administrative expenses against a slight decrease in income.

Net impairment losses on financial assets, other assets and provisions

	2nd quarter of 2010 non-audited	**2nd quarter of 2009** non-audited	**Two quarters of 2010** non-audited	**Two quarters of 2009** non-audited
Retail Segment	-91 784	-95 119	-172 574	-173 405
Enterprises Segment	-44 177	-1 404	-51 418	-103 724
Other provisions	-5 422	7 509	-14 980	3 798
Result on provisions	**-141 383**	**-89 014**	**-238 972**	**-273 331**

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 as at 30.06.2009. The details have been described in Note I.12.

In the first half of 2010, the Group recorded a negative balance of net impairment losses on financial assets, other assets and provisions of PLN 238,972 thousand, as compared to the negative balance in the first half of 2009 amounting to PLN 273,331 thousand.

In the second quarter of 2010, the Group recorded a negative balance of net impairment losses on financial assets, other assets and provisions of PLN 141,383 thousand, as compared to the negative balance in the second quarter of 2009 amounting to PLN 89,014 thousand.

The balance of impairment losses for the Retail Segment in the first half of 2010 includes impairment losses on loans and advances to customers of the Consumer Finance Segment amounting to PLN 96,188 thousand.

The balance of other provisions comprises the amount of provisions for potential litigations in the Group's companies.

Investment funds and unit funds in unit-linked insurance plans

Total net assets of KBC TFI funds (excluding non-registered funds) sold as at 30.06.2010 via the Bank's distribution network amounted to PLN 3,630,079 thousand. As compared to figures at 31.12.2009, they increased by 7.1%, and by 27.0% as compared to figures at 30.06.2009.

in PLN '000'	**30.06.2010** non-audited	**31.12.2009**	**30.06.2009** non-audited
Net assets of KBC TFI funds (excluding non-registered funds) sold via the Bank's distribution network	3 630 079	3 390 735	2 858 172
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.	73.0%	75.1%	73.8%

Corporate income tax

The debit due to the income tax in the Group in the first half of 2010 amounted to PLN 25,239 thousand, as compared to the credit to the Group's net profit in the first half of 2009 of PLN 2,077 thousand, and in the second quarter of 2010 it amounted to PLN 6,170 thousand as compared to the debit in the second quarter of 2009 with the amount of PLN 8,202 thousand. The effective tax rate in the first half of 2010 was at the level of 25.61% as compared to 30.97% for the second quarter of 2010, and in both periods it was distorted mainly by impairment losses and provisions being permanent tax differences.

14. Interest income

	2nd quarter of 2010 **01.04.2010 - 30.06.2010** non-audited	**Two quarters of 2010** **01.01.2010 - 30.06.2010** non-audited	Comparable data **2nd quarter of 2009** **01.04.2009 - 30.06.2009** non-audited	Comparable data **Two quarters of 2009** **01.01.2009 - 30.06.2009** non-audited
On account of:				
Loans and advances to banks	26 951	35 616	10 561	24 090
Loans and advances to customers, including:	371 306	741 919	416 699	883 256
- financial sector	3 711	7 217	7 740	15 868
- non-financial sector	364 863	729 279	405 501	858 682
- budgetary sector	2 732	5 423	3 458	8 706
Leasing fees	7 590	15 405	8 435	17 997
Securities:	120 645	245 328	104 578	208 035
- at fair value through profit or loss (upon initial recognition)	1 692	4 074	3 364	6 902
- held-for-trading (excluding derivatives)	9 352	23 347	15 614	31 701
- available-for-sale	85 225	156 047	58 849	116 289
- held-to-maturity	24 376	61 860	26 751	53 143
Receivables arising from repurchase transactions	-3	29	-129	17
Interest on hedging instruments	25 321	48 348	28 369	52 097
Total	**551 810**	**1 086 645**	**568 513**	**1 185 492**

15. Interest expense

	2nd quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2nd quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
On account of:				
Amounts due to banks	22 164	46 521	51 863	150 365
Amounts due to customers:	232 563	438 267	209 455	439 804
- financial sector	29 154	55 796	42 849	94 859
- non-financial sector	185 395	349 812	151 237	312 244
- budgetary sector	18 014	32 659	15 369	32 701
Liabilities arising from repurchase transactions	336	4 425	19 738	29 359
Other subordinated liabilities	8 916	16 786	2 885	5 454
Interest on hedging instruments	17 331	33 567	15 597	44 373
Total	**281 310**	**539 566**	**299 538**	**669 355**

Net interest income	**270 500**	**547 079**	**268 975**	**516 137**

16. Fee and commission income

	2nd quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2nd quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
Fees and commissions related to lending activities	10 060	20 507	11 232	24 331
Fees and commissions on deposit-related transactions with customers	33 815	67 714	32 376	64 247
Fees and commissions due for payment cards processing and ATMs maintenance*	32 359	64 528	41 196	78 157
Commissions on foreign clearing operations	3 945	7 577	4 141	7 900
Commissions on guarantee commitments	4 621	8 886	5 218	9 439
Commissions on distribution and management of combined investment and insurance products	11 992	27 272	8 953	16 529
Commissions on other custodian services	934	1 464	614	1 023
Other fees and commissions	1 653	3 200	1 718	3 244
Total	**99 379**	**201 148**	**105 448**	**204 870**

*The decrease in presented incomes and expenses related to the change in the presentation of settlements related to ATMs maintenance services since the first quarter of 2010 (net of the impact on the result).

17. Fee and commission expense

	2nd quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2nd quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
Brokerages	405	714	224	394
Fees and commissions due for payment cards processing and ATMs maintenance*	12 067	23 513	20 780	37 736
Fees related to loan guarantees	5 404	10 616	5 791	11 523
Fees for credit rating information	1 600	3 216	2 326	3 328
Other fees and commissions	3 653	6 430	2 774	5 961
Total	**23 129**	**44 489**	**31 895**	**58 942**
Net fee and commission income	**76 250**	**156 659**	**73 553**	**145 928**

*The decrease in presented incomes and expenses related to the change in the presentation of settlements related to ATMs maintenance services since the first quarter of 2010 (net of the impact on the result).

18. General and administrative expenses

in PLN '000'	2nd quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2nd quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
Staff costs	**101 472**	**202 899**	**105 803**	**231 048**
General expenses, including:	**100 182**	**197 259**	**113 198**	**229 686**
- costs of buildings lease	20 266	40 971	26 738	52 437
- IT and telecommunications costs	18 235	34 209	19 548	37 229
- maintenance and repairs costs	4 843	9 652	5 568	10 609
- energy costs	4 412	10 039	5 092	11 136
- costs of advisory and specialist services	4 887	9 808	5 628	12 659
- postal charges	7 931	15 219	8 772	18 139
- transportation services	3 478	6 971	3 930	7 546
- property protection costs	2 148	4 403	2 603	5 381
- taxes and fees	22 520	44 382	24 563	50 299
- promotion and advertising services	4 859	9 076	4 554	8 431
- purchase of other materials	842	1 531	1 357	3 322
- training expenses	815	1 365	1 268	2 150
- business trips	473	828	509	1 001
- other	4 473	8 805	3 068	9 347
Depreciation	**25 378**	**51 757**	**29 102**	**57 811**
Total	**227 032**	**451 915**	**248 103**	**518 545**

*Due to the standardization of definitions and the presentation of costs within KBC Group in 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 first half of 2009 and for the second quarter of 2009 presented in these financial statements were properly restated.

19. Income tax

	2nd quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2nd quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
Profit before tax	**19 925**	**98 551**	**48 761**	**1 976**
Share in profit of associates	**-551**	**-1 215**	**-362**	**-697**
Income tax expense at basic tax rate (19%)	**3 681**	**18 494**	**9 196**	**243**
Permanent differences, including:	**1 757**	**6 760**	**-1 753**	**-2 302**
- sale of receivables	270	270	2 242	2 242
- dividends received	-295	-343	-303	-303
- provisions and impairment losses	4 249	6 417	-5 281	-5 102
- thin capitalisation	-149	1 382	3 021	3 499
- other permanent differences	-2 318	-966	-1 432	-2 638
Recognized asset surplus related to differences from previous periods	732	-15	759	-18
Actual deductions from (crediting to) net profit	**6 170**	**25 239**	**8 202**	**-2 077**
Effective tax rate	**30.97%**	**25.61%**	**16.82%**	**-105.11%**

Income tax expense (credit) in the income statement	2nd quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2nd quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
Current income tax	53 991	60 294	48 543	83 513
Deferred income tax	-47 821	-35 055	-40 341	-85 590
Deductions from net profit	**6 170**	**25 239**	**8 202**	**-2 077**

Deferred tax on the valuation of available-for-sale securities, cash flow hedge instruments, charged to revaluation reserve	30.06.2010 non-audited	Comparable data 31.12.2009 non-audited	Comparable data 30.06.2009 non-audited
Debt instruments	9 527	-862	-5 772
Cash flow hedge instruments	7 183	2 203	3 488
Total	**16 710**	**1 341**	**-2 284**

in PLN '000'	30.06.2010 non-audited		31.12.2009		30.06.2009 non-audited		Impact upon the result/equity for the first half of 2010
Deferred tax asset/liability	**Asset**	**Liability**	**Asset**	**Liability**	**Asset**	**Liability**	
Cash and balances with Central Bank	0	0	0	0	0	0	0
Gross loans and advances to banks	0	-2 316	0	-2 985	0	-3 570	669
Impairment losses on loans and advances to banks	395	0	395	0	394	0	0
Receivables arising from repurchase transactions	0	0	0	-19	0	0	19
Financial assets at fair value through profit or loss upon initial recognition	0	-13 636	0	-7 892	0	-3 767	-5 744
Held-for-trading financial assets (excluding derivatives)	488	0	0	-438	0	-524	926
Derivatives	0	-106 624	0	-108 273	0	-198 043	1 649
Gross loans and advances to customers	0	-7 370	17 977	0	26 281	0	-25 347
Impairment losses on loans and advances to customers	190 336	0	165 855	0	114 651	0	24 481
Investment securities, including:	4 594	-20 612	8 465	-7 208	10 211	-3 913	-17 275
- available-for-sale	3 901	-20 612	8 071	-7 208	9 686	-3 913	-17 574
- held-to-maturity	693	0	394	0	525	0	299
Investments in subsidiaries, associates and jointly controlled entities	0	0	0	0	0	0	0
Property, plant and equipment	8 454	0	9 955	0	9 786	0	-1 501
Intangible assets	0	-3 959	0	-3 402	0	-3 734	-557
Deferred tax assets	0	0	0	0	0	0	0
Non-current assets classified as held for sale	0	0	0	0	0	0	0
Other assets	5 554	0	2 898	0	6 295	0	2 656
Total	**209 821**	**-154 517**	**205 545**	**-130 217**	**167 618**	**-213 551**	**-20 024**

in PLN '000'	30.06.2010 *non-audited*		31.12.2009		30.06.2009 non-audited		Impact upon the result/equity for the first half of 2010
Deferred tax asset/liability	**Asset**	**Liability**	**Asset**	**Liability**	**Asset**	**Liability**	
Amounts due to Central Bank	0	0	2 051	0	2 707	0	-2 051
Amounts due to banks	4 933	0	4 454	-144	14 498	-113	623
Derivatives	143 040	0	103 905	0	198 181	0	39 135
Amounts due to customers	14 570	0	15 696	0	19 569	0	-1 126
Liabilities arising from repurchase transactions	5	0	0	0	0	0	5
Current tax liability	0	0	0	0	0	0	0
Provisions	7 187	0	5 797	0	9 042	0	1 390
Other liabilities	10 670	0	10 804	0	9 973	0	-134
Subordinated liabilities	70	0	0	-1 797	75	0	1 867
Total	**180 475**	**0**	**142 707**	**-1 941**	**254 045**	**-113**	**39 709**
Total asset/liability	**390 296**	**-154 517**	**348 252**	**-132 158**	**421 663**	**-213 664**	**19 685**
Asset recognized with the income statement (in the period and in previous periods)	386 395		339 355		411 187		47 040
Asset recognised with revaluation reserve	3 901		8 897		10 476		-4 996
Liability recognized with the income statement (in the period and in previous periods)		-133 905		-121 920		-205 472	-11 985
Liability recognized with revaluation reserve		-20 612		-10 238		-8 192	-10 374

Impact of change in asset/liability upon the result	35 055
Recognition of the result on deferred tax	35 055

Presented as	30.06.2010 non-audited	31.12.2009	30.06.2009 non-audited
Deferred tax asset	236 902	217 383	209 289
Deferred tax liability	1 123	1 289	1 290

20. Cash and cash equivalents

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Cash and balances with Central Bank	1 441 062	1 175 453	1 757 667
Interbank term deposits (up to 3 months)	126 002	15 688	303 205
Cash and cash equivalents	**1 567 064**	**1 191 141**	**2 060 872**

In 'Cash and cash equivalents', the Group presents its obligatory reserve held by the Bank in line with the adequate regulations, on NBP account, presented as restricted cash, which, as at 30.06.2010 amounted to PLN 897,837 thousand, as at 31.12.2009 to PLN 784,875 thousand, and as at 30.06.2009 to PLN 948,377 thousand.

21. Loans and advances to banks

By types

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Current accounts	16 079	8 756	15 273
Deposits in other banks	112 192	26 812	326 337
Loans and advances to banks	132 724	133 907	135 314
Purchased debt	20 561	11 151	13 772
Other	10 037	9 387	8 704
Total	**291 593**	**190 013**	**499 400**
Debt securities classified as loans and receivables	924 591		
Total	**1 216 184**	**190 013**	**499 400**

The presentation in the notes below does not comprise the receivables related to debt securities classified as loans and receivables. No impairment was identified for the non-listed bonds classified in this portfolio.

By maturity dates

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
- up to 1 month	141 158	31 188	331 501
- 1-3 months	55 279	7 146	10 561
- 3-6 months	6 984	20 326	22 010
- 6 months to 1 year	7 731	53 828	29 067
- 1 - 3 years	23 202	24 491	60 043
- 3-5 years	48 416	25 041	23 643
- 5-10 years	6 562	25 733	19 910
- past due	2 261	2 260	2 665
Total	**291 593**	**190 013**	**499 400**

Classification due to impairment

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Loans and advances with no evidence for impairment	289 333	187 749	497 139
Loans and advances with evidence for impairment	2 260	2 264	2 261
Total	**291 593**	**190 013**	**499 400**

Impairment losses on loans and advances to banks

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Impairment on loans and advances to banks at period beginning	2 260	2 261	2 261
a) increase	1	176	176
b) decrease	1	177	177
Period end	**2 260**	**2 260**	**2 260**

22. Financial assets designated upon initial recognition as at fair value through profit or loss

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Treasury securities	27 429	61 716	200 325
- bonds	27 429	61 716	61 243
- bills	0	0	139 082
Central Bank securities	0	0	649 801
- bills	0	0	649 801
Other securities	35 943	30 385	33 339
- bonds	35 943	30 385	33 339
Shares in investment funds	19 277	18 564	18 094
Equity securities	40 829	44 735	0
Total	**123 478**	**155 400**	**901 559**

All securities classified, upon initial recognition, in the portfolio of financial assets at fair value through profit or loss are measured at fair value on the basis of market quotations, except for SINPLN commercial bonds issued by HONGKONG AND SHANGHAI BANKING CORPORATION and equity investments.

The fair value of SINPLN bonds is determined by discounting cash flows from the bonds with PLN-BOND curve having regard for the credit spread, as there are no quotations on an active market. The bonds are with fixed coupon.

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Listed	**68 258**	**106 451**	**850 126**
- shares	40 829	44 735	0
- bonds	27 429	61 716	61 243
- bills	0	0	788 883
Non-listed	**55 220**	**48 949**	**51 433**
- shares in investment funds	19 277	18 564	18 094
- bonds	35 943	30 385	33 339
Total	**123 478**	**155 400**	**901 559**

23. Held-for-trading financial assets (excluding derivatives)

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Treasury securities	990 780	730 321	1 624 866
- bonds	192 912	77 624	37 284
- bills	797 868	652 697	1 587 582
Central Bank securities	599 880	449 628	0
- bills	599 880	449 628	0
Total	**1 590 660**	**1 179 949**	**1 624 866**

All securities classified in the portfolio of held-for-trading financial assets are measured at fair value on the basis of market quotations, except for Treasury Eurobonds and money bills of the National Bank of Poland.

The Treasury Eurobonds are valued by discounting cash flows from the bonds with EUR-BOND curve (for securities in EUR) or USD-BOND curve (for securities in USD), having regard for the credit spread.

The money bills of the National Bank of Poland are valued with the application of PLN-SWAP curve, not having regard for the credit spread.

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Listed	1 590 660	1 179 949	1 624 866
- bonds	192 912	77 624	37 284
- bills	1 397 748	1 102 325	1 587 582
Total	**1 590 660**	**1 179 949**	**1 624 866**

24. Investment securities

The note does not include the receivables related to debt securities classified as loans and receivables.

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Available-for-sale securities	**6 886 155**	**6 036 304**	**4 338 473**
Treasury securities	5 284 070	4 977 936	4 015 485
- bonds	4 984 262	4 684 356	3 975 821
- bills	299 808	293 580	39 664
Central Bank securities	1 299 614	749 307	0
- bills	1 299 614	749 307	0
Other securities	298 596	303 767	317 685
- bonds	298 596	303 767	317 685
Equity securities	3 875	5 294	5 303
Held-to-maturity securities	**2 488 313**	**2 753 338**	**1 905 356**
Treasury securities	2 488 313	2 165 443	1 832 318
- bonds	2 488 313	2 165 443	1 832 318
Other securities	0	587 895	73 038
- bonds	0	587 895	73 038
Total	**9 374 468**	**8 789 642**	**6 243 829**

All investment securities classified in the portfolio of available-for-sale financial assets are measured at fair value on the basis of market quotations, except for SINPLN commercial bonds issued by HONGKONG AND SHANGHAI BANKING CORPORATION, Treasury Eurobonds, money bills of the National Bank of Poland and non-listed equity investments.

The fair value of SINPLN bonds is determined by discounting cash flows from the bonds with PLN-BOND curve having regard for the credit spread, as there are no quotations on an active market. The bonds are with fixed coupon.

The Treasury Eurobonds are valued by discounting cash flows from the bonds with EUR-BOND curve (for securities in EUR) or USD-BOND curve (for securities in USD), having regard for the credit spread.

The money bills of the National Bank of Poland are valued with the application of PLN-SWAP curve, not having regard for the credit spread.

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Available-for-sale securities	**6 886 155**	**6 036 304**	**4 338 473**
Listed	**6 583 684**	**5 727 243**	**4 033 335**
- bonds	4 984 262	4 684 356	3 993 671
- bills	1 599 422	1 042 887	39 664
Non-listed	**302 471**	**309 061**	**305 138**
- shares	3 875	5 294	5 303
- bonds	298 596	303 767	299 835
Held-to-maturity securities	**2 488 313**	**2 753 338**	**1 905 356**
Listed	**2 488 313**	**2 165 443**	**1 832 318**
- bonds	2 488 313	2 165 443	1 832 318
Non-listed	**0**	**587 895**	**73 038**
- bonds	0	587 895	73 038
Total	**9 374 468**	**8 789 642**	**6 243 829**

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

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

Assets measured at fair value	Level 1	Level 2	Level 3	Total as at 30.06.2010 non-audited
Held-for-trading financial assets				
Debt securities	1 590 660			1 590 660
Derivatives		500 151	1 843	501 994
Financial assets designated upon initial recognition as at fair value through profit or loss				
Debt securities	27 429	35 943		63 372
Equity securities		40 829		40 829
Shares in investment funds		19 277		19 277
Available-for-sale financial assets*				
Debt securities	6 583 684	298 596		6 882 280
Hedging instruments				
Derivatives		89 227		89 227
Total	**8 201 773**	**984 023**	**1 843**	**9 187 639**

**except for equity securities measured at cost*

Assets measured at fair value	Level 1	Level 2	Level 3	Total as at 31.12.2009
Held-for-trading financial assets				
Debt securities	725 904	454 046		1 179 950
Derivatives		513 206	2 463	515 669
Financial assets designated upon initial recognition as at fair value through profit or loss				
Debt securities	61 716	30 385		92 101
Equity securities		44 735		44 735
Shares in investment funds		18 564		18 564
Available-for-sale financial assets*				
Debt securities	4 672 232	1 358 778		6 031 010
Hedging instruments				
Derivatives		55 741		55 741
Total	**5 459 852**	**2 475 455**	**2 463**	**7 937 770**

except for equity securities measured at cost

Assets measured at fair value	Level 1	Level 2	Level 3	Total as at 30.06.2009 non-audited
Held-for-trading financial assets				
Debt securities	1 624 866			1 624 866
Derivatives		1 043 486	15 605	1 059 091
Financial assets designated upon initial recognition as at fair value through profit or loss				
Debt securities	850 126	33 339		883 465
Equity securities				
Shares in investment funds		18 094		18 094
Available-for-sale financial assets*				
Debt securities	4 033 335	299 835		4 333 170
Hedging instruments				
Derivatives		66 014		66 014
Total	**6 508 327**	**1 460 768**	**15 605**	**7 984 700**

except for equity securities measured at cost

Liabilities measured at fair value	30.06.2010 non-audited
	Level 2
Held-for-trading financial liabilities	
Derivatives	743 927
Total	**743 927**

Liabilities measured at fair value	31.12.2009
	Level 2
Held-for-trading financial liabilities	
Derivatives	537 902
Hedging instruments	
Derivatives	3 166
Total	**541 068**

Liabilities measured at fair value	30.06.2009 non-audited
	Level 2
Held-for-trading financial liabilities	
Derivatives	1 034 225
Hedging instruments	
Derivatives	2 368
Total	**1 036 593**

26. Loans and advances to customers

By types

	30.06.2010 *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Loans and advances	27 941 013	26 578 579	28 174 074
Purchased debt	190 849	148 986	190 215
Realised guarantees and sureties	4 209	6 904	7 328
Other receivables	553 547	563 275	608 291
- including leasing fees	506 431	518 448	530 694
Total	**28 689 618**	**27 297 744**	**28 979 908**
Debt securities classified as loans and receivables	59 097		
Total	**28 748 715**	**27 297 744**	**28 979 908**

The presentation in the notes below does not include the receivables related to debt securities classified as loans and receivables. No impairment was identified for the non-listed bonds classified in this portfolio.

By maturity dates

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
- up to 1 month	1 181 814	959 941	1 355 405
- 1-3 months	911 774	936 336	821 827
- 3-6 months	1 260 040	900 979	1 465 732
- 6 months to 1 year	2 485 967	2 621 214	4 802 886
- 1 - 3 years	3 763 260	3 605 961	3 942 962
- 3-5 years	2 611 510	2 306 614	2 454 809
- 5-10 years	3 751 224	3 756 451	4 083 455
- 10-20 years	5 879 000	5 247 392	5 176 598
- over 20 years	3 573 345	3 396 550	3 791 139
- past due	3 271 684	3 566 306	1 085 095
Total	**28 689 618**	**27 297 744**	**28 979 908**

By customer types

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Natural persons*	**21 407 048**	**19 461 874**	**19 681 892**
- overdraft facilities	887 266	793 184	796 760
- purchased debt	14 993	7 440	14 168
- term loans **	814 577	829 717	830 321
- cash loans, instalment loans and cards	4 201 009	4 118 645	4 056 888
- mortgages	15 457 445	13 685 315	13 957 375
- realised guarantees	1 519	1 519	1 523
- other receivables	30 239	26 054	24 857
Corporate customers and SMEs	**7 059 802**	**7 617 507**	**9 015 923**
- overdraft facilities	1 552 921	1 468 747	1 874 388
- term loans **	4 805 028	5 464 609	6 376 249
- purchased debt	175 856	141 546	176 048
- realised guarantees	2 690	5 384	5 804
- other receivables, including leasing fees	523 307	537 221	583 434
Budget	**222 768**	**218 363**	**282 093**
- overdraft facilities	43 573	1 828	41 350
- term loans **	179 195	216 535	240 743
Total	**28 689 618**	**27 297 744**	**28 979 908**

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

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

The lower balance of the loans of corporate customers and SMEs at the end of the second quarter of 2010 as compared to the fourth quarter of 2009 and the second 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 increase in the balance of retail customers' loans as at 30.06.2010 as compared to 31.12.2009 amounted to PLN 1,945,174 thousand (10.0%), and as compared to 30.06.2009 amounted to PLN 1,725,156 thousand (8.8%). The changes are mainly the result of the increase in the balance of mortgages as at 30.06.2010 by PLN 1,772,130 thousand as compared to 31.12.2009 and by PLN 1,500,070 thousand as compared to 30.06.2009.

Instalment and cash loans, and cards

Instalment and 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 case of loans granted via Żagiel still in 2009, new, stricter lending and verification conditions have been introduced, which has resulted in a major limitation of the sale of cash loans via this distribution channel. In the case of cash loans sold via the Bank's network, lending and verification conditions were adjusted to the existing market situation to ensure the acceptance of the customers with a lower risk profile against a larger sales volume. Similar changes have been introduced also in the case of instalment loans. The lending and verification conditions for customers introduced in 2009 were also in force in the first half of 2010.

The sale of retail loans and advances through Żagiel's distribution network in the second quarter of 2010 amounted to PLN 342 million, i.e. increased by 14.7% as compared to the first quarter of 2010 and decreased by 23.7% against the level in the second quarter of 2009.

in PLN '000'	**2nd quarter of 2010** non-audited	**1st quarter of 2010** non-audited	**4th quarter of 2009** non-audited	**2nd quarter of 2009** non-audited
Instalment and cash loans, and cards				
Gross value of the portfolio at the end of the quarter, including:	4 201 009	4 137 894	4 118 645	4 056 888
Loans granted via Żagiel				
Gross value of the portfolio at the end of the quarter*	2 443 707	2 479 733	2 579 558	2 766 933
Number of loans granted in the quarter (in '000')**	167	145	170	200
Value of loans granted in the quarter:**	342 355	298 508	346 746	448 719
- instalment loans	329 810	293 562	345 478	392 903
- cash loans	12 545	4 946	1 268	55 816

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

in thousands	**30.06.2010** non-audited	**31.03.2010** non-audited	**31.12.2009** non-audited	**30.06.2009** non-audited
Credit cards (aggregate for KB and Żagiel S.A.)	216	220	228	253

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 mortgages granted in the second quarter of 2010 as compared to the first quarter of 2010 increased by 184.7% and, as compared to the corresponding period in the previous year, by 249.7%.

in PLN '000'	**2nd quarter of 2010** non-audited	**1st quarter of 2010** non-audited	**4th quarter of 2009** non-audited	**2nd quarter of 2009** non-audited
Mortgages				
Gross value of the portfolio at the end of the quarter	15 457 445	13 531 512	13 685 315	13 957 375
Number of loans granted in the quarter (in '000')	4.5	1.7	1.7	1.5
Value of loans granted in the quarter*	944 518	331 721	328 224	270 122

* new loans

Receivables in breakdown by customer types and by impaired and non-impaired receivables (as at 30.06.2010)

non-audited

	Gross receivables	Impaired gross receivables	Impairment losses excluding IBNR	Non-impaired gross receivables by days of delay in payment						Impairment losses IBNR
				no delay	up to 30 days*	31 - 60 days*	61 - 90 days*	over 90 days*	Total	
Natural persons**	**21 407 048**	**1 817 254**	**1 182 159**	**17 907 743**	**1 427 894**	**186 689**	**66 898**	**570**	**19 589 794**	**90 979**
- overdraft facilities	887 266	161 420	107 994	584 069	129 956	8 137	3 284	400	725 846	4 234
- purchased debt	14 993	2 077	1 906	12 830	37	49	0	0	12 916	17
- term loans***	814 577	91 134	64 732	654 284	65 191	3 457	505	6	723 443	1 021
- cash loans, instalment loans and cards	4 201 009	1 101 078	892 024	2 745 505	246 291	68 675	39 299	161	3 099 931	65 686
- mortgages	15 457 445	455 084	109 691	13 885 758	986 419	106 371	23 810	3	15 002 361	20 021
- realised guarantees	1 519	1 519	876	0	0	0	0	0	0	0
- other receivables	30 239	4 942	4 936	25 297	0	0	0	0	25 297	0
Corporate customers and SMEs	**7 059 802**	**879 504**	**466 358**	**5 989 944**	**184 167**	**5 345**	**830**	**12**	**6 180 298**	**41 654**
- overdraft facilities	1 552 921	204 750	117 326	1 282 735	64 316	804	304	12	1 348 171	4 131
- term loans***	4 805 028	586 890	301 030	4 150 640	62 516	4 456	526	0	4 218 138	36 669
- purchased debt	175 856	5 192	3 306	113 244	57 335	85	0	0	170 664	108
- realised guarantees	2 690	2 690	1 692	0	0	0	0	0	0	0
- other receivables, including leasing fees	523 307	79 982	43 004	443 325	0	0	0	0	443 325	746
Budget	**222 768**	**0**	**0**	**219 470**	**3 298**	**0**	**0**	**0**	**222 768**	**116**
- overdraft facilities	43 573	0	0	43 573	0	0	0	0	43 573	26
- term loans***	179 195	0	0	175 897	3 298	0	0	0	179 195	90
Total	**28 689 618**	**2 696 758**	**1 648 517**	**24 117 157**	**1 615 359**	**192 034**	**67 728**	**582**	**25 992 860**	**132 749**

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

Receivables in breakdown by customer types and by impaired and non-impaired receivables (comparable data as at 31.12.2009)

	Gross receivables	Impaired gross receivables	Impairment losses excluding IBNR	Non-impaired gross receivables by days of delay in payment						Impairment losses IBNR
				no delay	up to 30 days*	31 - 60 days*	61 - 90 days*	over 90 days*	Total	
Natural persons**	**19 461 874**	**1 523 261**	**992 828**	**16 772 235**	**963 990**	**143 291**	**57 582**	**1 515**	**17 938 613**	**95 488**
- overdraft facilities	793 184	129 371	100 856	549 270	106 699	5 658	2 008	178	663 813	3 252
- purchased debt	7 440	1 908	1 908	5 511	21	0	0	0	5 532	6
- term loans***	829 717	74 180	55 571	709 235	43 312	2 640	343	7	755 537	1 289
- cash loans, instalment loans and cards	4 118 645	999 392	760 518	2 757 371	252 666	69 244	39 843	129	3 119 253	76 186
- mortgages	13 685 315	314 502	70 677	12 727 183	561 292	65 749	15 388	1 201	13 370 813	14 754
- realised guarantees	1 519	1 519	914	0	0	0	0	0	0	0
- other receivables	26 054	2 389	2 384	23 665	0	0	0	0	23 665	1
Corporate customers and SMEs	**7 617 507**	**854 961**	**443 001**	**6 621 284**	**138 637**	**2 235**	**365**	**25**	**6 762 546**	**44 447**
- overdraft facilities	1 468 747	125 550	92 621	1 267 800	74 246	786	365	0	1 343 197	8 821
- term loans***	5 464 609	626 444	294 885	4 777 891	59 514	735	0	25	4 838 165	34 656
- purchased debt	141 546	10 568	3 412	125 660	4 604	714	0	0	130 978	91
- realised guarantees	5 384	5 384	4 019	0	0	0	0	0	0	0
- other receivables, including leasing fees	537 221	87 015	48 064	449 933	273	0	0	0	450 206	879
Budget	**218 363**	**0**	**0**	**215 014**	**3 349**	**0**	**0**	**0**	**218 363**	**122**
- overdraft facilities	1 828	0	0	1 828	0	0	0	0	1 828	1
- term loans***	216 535	0	0	213 186	3 349	0	0	0	216 535	121
Total	**27 297 744**	**2 378 222**	**1 435 829**	**23 608 533**	**1 105 976**	**145 526**	**57 947**	**1 540**	**24 919 522**	**140 057**

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

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

non-audited

	Gross receivables	Impaired gross receivables	Impairment losses excluding IBNR	Non-impaired gross receivables by days of delay in payment						Impairment losses IBNR
				no delay	up to 30 days*	31 - 60 days*	61 - 90 days*	over 90 days*	Total	
Natural persons**	**19 681 892**	**984 731**	**566 255**	**17 312 578**	**1 142 482**	**156 919**	**84 870**	**312**	**18 697 161**	**93 911**
- overdraft facilities	796 760	111 001	89 960	560 608	118 761	3 607	2 478	305	685 759	3 046
- purchased debt	14 168	6 307	6 306	7 861	0	0	0	0	7 861	98
- term loans***	830 321	76 994	58 808	683 872	68 158	915	375	7	753 327	1 301
- cash loans, instalment loans and cards	4 056 888	541 926	360 369	3 034 758	308 086	106 073	66 045	0	3 514 962	83 796
- mortgages	13 957 375	244 532	47 414	13 003 074	647 473	46 324	15 972	0	13 712 843	5 666
- realised guarantees	1 523	1 519	950	0	4	0	0	0	4	4
- other receivables	24 857	2 452	2 448	22 405	0	0	0	0	22 405	0
Corporate customers and SMEs	**9 015 923**	**674 153**	**416 010**	**7 890 180**	**446 415**	**1 283**	**2 458**	**1 434**	**8 341 770**	**18 311**
- overdraft facilities	1 874 388	107 280	73 656	1 648 153	117 814	347	748	46	1 767 108	6 577
- term loans***	6 376 249	466 127	263 417	5 689 003	219 178	897	1 034	10	5 910 122	9 220
- purchased debt	176 048	6 853	5 780	127 649	41 546	0	0	0	169 195	126
- realised guarantees	5 804	4 461	2 978	0	0	0	0	1 343	1 343	0
- other receivables, including leasing fees	583 434	89 432	70 179	425 375	67 877	39	676	35	494 002	2 388
Budget	**282 093**	**0**	**0**	**271 919**	**10 174**	**0**	**0**	**0**	**282 093**	**186**
- overdraft facilities	41 350	0	0	41 350	0	0	0	0	41 350	24
- term loans***	240 743	0	0	230 569	10 174	0	0	0	240 743	162
Total	**28 979 908**	**1 658 884**	**982 265**	**25 474 677**	**1 599 071**	**158 202**	**87 328**	**1 746**	**27 321 024**	**112 408**

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

As at 30.06.2010, the amount of non-amortised loan commissions settled with the effective interest rate method, which, according to the concept of the measurement of financial assets at amortised cost, decreases the value of gross receivables, amounted to PLN 132,638 thousand, as at 31.12.2009 – PLN 171,942 thousand, and as at 30.06.2009 - PLN 237,734 thousand. The amounts have already been recognized in total gross loans and advances.

Receivables quality ratio

in PLN '000'	**30.06.2010** *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Loans and advances with no evidence for impairment, including interest	25 992 860	24 919 522	27 321 024
Loans and advances with evidence for impairment, including interest	2 696 758	2 378 222	1 658 884
Total gross loan and advances to customers	**28 689 618**	**27 297 744**	**28 979 908**
Impairment losses on loans and advances to customers	1 781 266	1 575 886	1 094 673
including: impairment losses on loans and advances with evidence for impairment	1 648 517	1 435 829	982 265
Total net loans and advances to customers	**26 908 352**	**25 721 858**	**27 885 235**
The share of loans and advances with evidence for impairment in total gross loans and advances	9.4%	8.7%	5.7%
Coverage of loans and advances with evidence for impairment with impairment losses	61.1%	60.4%	59.2%
Coverage of gross loans and advances to customers with corresponding impairment losses	6.2%	5.8%	3.8%

As at 30.06.2010, the quality ratio for the Group's gross loans and advances amounted to 9.4% and deteriorated in the first half of 2010 by 0.7 percentage points.

The Group, when estimating credit risk for individual credit exposures and loan portfolios, follows the overriding prudence concept. As at 30.06.2010, the coverage of loans and advances with evidence for impairment with impairment losses was at the level of 61.1% and increased by 0.7 percentage points as compared to 31.12.2009 and by 1.9 percentage points as compared to 30.06.2009.

Receivables assessed individually

	30.06.2010 *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Gross receivables	812 107	727 459	576 118
Impairment	427 081	381 470	350 880
Net receivables	**385 026**	**345 989**	**225 238**

Accepted loan collateral

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

	30.06.2010 *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Value of accepted collateral for loans and advances assessed individually	256 995	228 997	167 188

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

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

Carrying amount of restructured receivables

	30.06.2010 *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Carrying amount	413 973	282 232	166 271

Impairment losses on loans and advances to customers

	Impairment 31.12.2009	Recognised	Reversed	Written off	Other changes	Impairment 30.06.2010 *non-audited*
Natural persons*	**1 088 316**	**760 834**	**-570 080**	**-9 668**	**3 736**	**1 273 138**
- overdraft facilities	104 108	78 777	-64 937	-5 575	-145	112 228
- purchased debt	1 914	239	-229	0	-1	1 923
- term loans **	56 860	17 530	-11 463	0	2 826	65 753
- cash loans, instalment loans and cards	836 704	502 460	-377 763	-3 857	166	957 710
- mortgages	85 431	158 916	-115 289	-236	890	129 712
- realised guarantees	914	20	-58	0	0	876
- other receivables	2 385	2 892	-341	0	0	4 936
Corporate customers and SMEs	**487 448**	**250 337**	**-221 767**	**-10 532**	**2 526**	**508 012**
- overdraft facilities	101 442	77 961	-57 696	-1 946	1 696	121 457
- purchased debt	3 503	21 852	-21 492	-455	6	3 414
- term loans **	329 541	140 655	-133 263	0	766	337 699
- realised guarantees	4 019	511	-2 838	0	0	1 692
- other receivables	48 943	9 358	-6 478	-8 131	58	43 750
Budget	**122**	**141**	**-147**	**0**	**0**	**116**
- overdraft facilities	1	121	-96	0	0	26
- term loans **	121	20	-51	0	0	90
- purchased debt	0	0	0	0	0	0
Total	**1 575 886**	**1 011 312**	**-791 994**	**-20 200**	**6 262**	**1 781 266**

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

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

	Impairment 31.12.2008	Recognised	Reversed	Written off	Other changes	Impairment 31.12.2009
Natural persons*	**496 840**	**1 624 896**	**-972 749**	**-40 152**	**-20 519**	**1 088 316**
- overdraft facilities	70 293	132 827	-95 904	-2 102	-1 006	104 108
- purchased debt	6 345	81	-115	0	-4 397	1 914
- term loans **	75 787	36 222	-26 724	-24 863	-3 562	56 860
- cash loans, instalment loans and cards	290 504	1 248 754	-681 867	-10 484	-10 203	836 704
- mortgages	52 878	204 520	-167 915	-2 703	-1 349	85 431
- realised guarantees	1 032	4	-58	0	-64	914
- other receivables	1	2 488	-166	0	62	2 385
Corporate customers and SMEs	**430 247**	**753 850**	**-614 482**	**-77 133**	**-5 034**	**487 448**
- overdraft facilities	42 666	223 387	-159 845	-3 320	-1 446	101 442
- purchased debt	4 777	8 292	-7 708	-1 837	-21	3 503
- term loans **	345 829	430 991	-367 139	-69 634	-10 506	329 541
- realised guarantees	3 381	4 885	-4 089	0	-158	4 019
- other receivables	33 594	86 295	-75 701	-2 342	7 097	48 943
Budget	**244**	**305**	**-428**	**0**	**1**	**122**
- overdraft facilities	4	91	-93	0	-1	1
- term loans **	240	214	-335	0	2	121
Total	**927 331**	**2 379 051**	**-1 587 659**	**-117 285**	**-25 552**	**1 575 886**

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

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

Impairment losses on loans and advances to customers

	Impairment 31.12.2008	Recognised	Reversed	Written off	Other changes	Impairment 30.06.2009 non-audited
Natural persons*	**496 840**	**602 406**	**-394 519**	**-30 657**	**-13 904**	**660 166**
- overdraft facilities	70 293	72 848	-47 938	-1 249	-948	93 006
- purchased debt	6 345	41	-62	0	80	6 404
- term loans **	75 787	24 077	-13 992	-23 537	-2 226	60 109
- cash loans, instalment loans and cards	290 504	409 484	-241 133	-5 385	-9 305	444 165
- mortgages	52 878	93 474	-91 283	-486	-1 503	53 080
- realised guarantees	1 032	4	-18	0	-64	954
- other receivables	1	2 478	-93	0	62	2 448
Corporate customers and SMEs	**430 247**	**357 929**	**-301 697**	**-43 780**	**-8 378**	**434 321**
- overdraft facilities	42 666	103 494	-64 176	-350	-1 401	80 233
- purchased debt	4 777	4 845	-3 731	0	15	5 906
- term loans **	345 829	198 916	-223 287	-41 548	-7 273	272 637
- realised guarantees	3 381	2 925	-3 170	0	-158	2 978
- other receivables	33 594	47 749	-7 333	-1 882	439	72 567
Budget	**244**	**204**	**-262**	**0**	**0**	**186**
- overdraft facilities	4	45	-25	0	0	24
- term loans **	240	159	-237	0	0	162
Total	**927 331**	**960 539**	**-696 478**	**-74 437**	**-22 282**	**1 094 673**

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

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

IBNR

Impairment losses on incurred but not reported (IBNR) credit losses for homogenous balance sheet and off-balance sheet receivables portfolios as at 30.06.2010 amounted to PLN 135,596 thousand, including PLN 2,847 thousand related to off-balance sheet liabilities; and as at 31.12.2009 amounted to PLN 143,625 thousand, including PLN 3,568 thousand related to off-balance sheet liabilities, and as at 30.06.2009 amounted to PLN 116,264 thousand, including PLN 3,856 thousand related to off-balance sheet liabilities.

27. Property, plant and equipment

	30.06.2010 *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Property, plant and equipment, including:	300 816	323 691	371 405
- land	11 617	11 724	14 214
- buildings and premises	137 424	146 509	177 641
- plant and machinery	82 609	88 342	97 633
- motor vehicles	614	734	1 296
- other property, plant and equipment	68 552	76 382	80 621
Construction in progress	15 806	29 843	23 740
Total	**316 622**	**353 534**	**395 145**

28. Amounts due to Central Bank

By types

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Open market transactions	0	1 321 796	2 659 472
Other liabilities	6	6	1 168
Total	**6**	**1 321 802**	**2 660 640**

By maturity dates

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
- up to 1 month	6	1 276 456	1 414 885
- 1-3 months	0	45 346	1 064 614
- 3-6 months	0	0	181 141
- 6 months to 1 year	0	0	0
Total	**6**	**1 321 802**	**2 660 640**

29. Amounts due to banks

By types

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Current accounts	2 731 198	2 560 645	1 008 657
Term deposits	2 315 304	1 699 362	3 124 725
Borrowed loans and advances	6 654 424	6 818 610	7 202 103
Other liabilities	5 430	3 073	5 033
Total	**11 706 356**	**11 081 690**	**11 340 518**

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

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
- up to 1 month	5 243 697	4 236 842	2 996 548
- 1-3 months	901 080	26 238	223 930
- 3-6 months	0	796 099	917 937
- 6 months to 1 year	0	1 031 672	822 545
- 1 - 3 years	5 561 579	4 990 839	4 114 348
- over 3 years	0	0	2 265 210
Total	**11 706 356**	**11 081 690**	**11 340 518**

in PLN '000'	**30.06.2010** *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Loans and advances from KBC Group	6 654 424	6 818 610	7 202 103
- including loans and advances in foreign currencies	*6 362 540*	*6 216 705*	*6 630 156*
Term deposits	2 315 304	1 699 362	3 124 725
- including term deposits from KBC Group	*2 258 904*	*1 696 985*	*3 110 907*
Current accounts	2 731 198	2 560 645	1 008 657
Other liabilities	5 430	3 073	5 033
Total amounts due to banks	**11 706 356**	**11 081 690**	**11 340 518**
Subordinated liabilities (from KBC Group)	903 162	805 816	849 952
Total	**12 609 518**	**11 887 506**	**12 190 470**

The Bank finances the lending activities not only with deposits but also, to a large extent, with financing made available by the Bank's main shareholder – KBC Group. The loans in foreign currencies granted by 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.

30. Amounts due to customers

By types

	30.06.2010 *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Current accounts*	16 052 157	13 917 908	12 075 478
Term deposits	9 430 985	8 458 114	10 172 342
Borrowed loans and advances	97 253	144	146
Other liabilities	71 485	92 988	122 527
Total	**25 651 880**	**22 469 154**	**22 370 493**

* Including Savings Account: as at 30.06.2010 – PLN 9,421,182 thousand, as at 31.12.2009 – PLN 7,626,000 thousand, and as at 30.06.2009 – PLN 5,737,141 thousand.

By maturity dates

	30.06.2010 *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
- up to 1 month	18 989 307	16 671 535	16 109 697
- 1-3 months	2 711 369	2 412 093	3 933 269
- 3-6 months	2 355 013	2 251 609	1 330 802
- 6 months to 1 year	763 205	418 747	535 767
- 1 - 3 years	651 069	608 810	225 872
- 3-5 years	80 560	101 277	227 160
- 5-10 years	100 615	4 216	7 062
- 10-20 years	742	867	864
Total	**25 651 880**	**22 469 154**	**22 370 493**

Liabilities by customer types

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Natural persons*	**15 876 811**	**14 208 107**	**13 436 253**
- in current account	11 934 892	10 109 149	8 217 254
- term deposits	3 882 622	4 022 658	5 099 576
- other	59 297	76 300	119 423
Corporate customers and SMEs	**7 635 768**	**6 461 829**	**6 918 610**
- in current account	2 779 225	2 540 948	2 450 913
- term deposits	4 747 102	3 904 049	4 464 447
- including 'Warta Gwarancja' product	799 006	968 857	1 150 467
- loans and advances	97 253	144	146
- other	12 188	16 688	3 104
Budget	**2 139 301**	**1 799 218**	**2 015 630**
- in current account	1 338 040	1 267 811	1 407 311
- term deposits	801 261	531 407	608 319
Total	**25 651 880**	**22 469 154**	**22 370 493**

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

The value of the portfolio of term deposits of corporate customers and SMEs, 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 0.8 billion at the end of the second quarter of 2010 as compared to the fourth quarter of 2009 and by PLN 0.3 billion as compared to the second quarter of 2009, which was an effect of competitive interest rate terms for such products offered by the Bank.

The Bank's long-term strategy assumes the holding of a permanent deposits base sourced from customers, hence, in the first half of 2010 Kredyt Bank still offered very competitive interest rates for the Savings Account (presented in current accounts), which resulted in an increase in cash deposited in these accounts as at 30.06.2010 as compared to 31.12.2009 by PLN 1.8 billion, and, as compared to 30.06.2009 – by PLN 3.7 billion.

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

Current accounts for individual clients

in PLN '000'	**30.06.2010** *non-audited*	Comparable data **31.12.2009** *non-audited*	Comparable data **30.06.2009** *non-audited*
Current accounts			
Carrying amount at quarter end	11 934 892	10 109 149	8 217 254
Including ROR accounts *			
Number (in '000')	633	612	596
Carrying amount	1 189 779	1 123 428	1 267 090
Including Savings Account *			
Number (in '000')	577	496	423
Carrying amount	9 421 182	7 626 000	5 737 141

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

As at 30.06.2010, the number of current-savings accounts (ROR) increased by 3.4% as compared to figures at 31.12.2009 and was higher by 6.2% as compared to figures at 30.06.2009. The carrying amount of cash on ROR accounts for individual customers at the end of the second quarter of 2010 increased as compared to the end of 2009 by 5.9% and by 6.1% as compared to the end of the second quarter of 2009.

At the end of the second quarter of 2010, the number of savings accounts increased by 16.3% as compared to the end of 2009, and by 36.4% as compared to the end of the second quarter of 2009. At the end of the second quarter of 2010, the value of deposited cash increased by 23.5% as compared to the figures at the end of 2009 and increased by 64.2% as compared to the end of the second quarter of 2009. The high increase in the value of cash in the savings account in 2009 and in the first half of 2010 is an effect of Kredyt Bank's offer of competitive interest terms for the Savings Account.

31. Provisions

	30.06.2010 *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Employee benefits provision	1 257	1 408	1 564
Provision for off-balance sheet items	16 178	11 429	28 158
Restructuring provision	0	2 279	2 083
Provision for litigations	50 421	36 877	34 915
Other	1 642	1 924	3 258
Total	**69 498**	**53 917**	**69 978**

'Employee benefits provision' is composed of provisions for retirement benefits.

32. Share capital

As at 30.06.2010, the parent company's share capital totalled PLN 1,358,294,400 and was divided into 271,658,880 shares of nominal value PLN 5.00 each. The parent company's shares are registered shares and bearer shares, but not preference shares. Each share entitles its holder to one vote at the parent company's General Meeting of Shareholders. The parent company's shares are admitted to public trading on the main market of the Warsaw Stock Exchange. The share capital did not change in the first half of 2010 and in 2009.

The table below presents the list of major shareholders of Kredyt Bank S.A. as at 30.06.2010.

Shareholder	Line of business	Number of shares and votes at GMS	Share in votes and in share capital (in %)
KBC Bank NV – an entity from KBC Group*	Banking	217 327 103	80.00
KBC Securities* – an entity from KBC Bank NV Group**	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 NV 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 notification mentioned above, 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, a notification was received concerning the transaction made between entities in KBC Group. KBC Insurance purchased 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.

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

As at 30.06.2010, Members of the Bank’s Management Board and of the Bank’s Supervisory Board did not hold any Bank’s shares.

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.

As at 30.06.2009, Mr. Marek Michałowski, a Member of the Bank’s Supervisory Board, held 1,000 shares of Kredyt Bank S.A. with the nominal value of PLN 5 thousand. Other Members of the Bank’s Management Board and of the Bank’s Supervisory Board did not hold any Bank’s shares.

34. Capital adequacy ratio

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
Capital requirement, including:	**2 333 288**	**2 238 980**	**2 423 403**
- credit risk	2 045 511	1 973 217	2 183 770
- market risk	58 662	26 532	39 797
- operational risk	229 115	239 231	199 836
Own funds and short-term capital	**3 521 791**	**3 309 476**	**3 264 738**
Basic capitals	**2 515 675**	**2 459 492**	**2 405 518**
- share capital	1 358 294	1 358 294	1 358 294
- supplementary capital	889 340	784 039	806 038
- revaluation reserve included in basic equity	-15 297	-34 555	-41 439
- other reserves	400 942	340 942	340 942
- retained loss	-65 709	65 033	43 034
- net profit included in the calculation of capital adequacy ratio	0	4 053	0
- goodwill	0	0	-36 052
- intangible assets	-45 509	-51 248	-58 778
- shares in financial entities (50%)	-6 386	-7 066	-6 521
Supplementary funds	**1 006 116**	**849 984**	**859 220**
- revaluation reserve included in supplementary equity	33 548	18 526	10 099
- subordinated liabilities included in equity	905 642	808 017	851 821
- shares in financial entities (50%)	-6 386	-7 066	-6 521
- short-term capital	73 312	30 507	3 821
Capital adequacy ratio (%)	**12.07**	**11.82**	**10.78**
Ratio, including basic funds (%)	**8.63**	**8.79**	**7.94**

As at 30.06.2010, 31.12.2009 and 30.06.2009, capital adequacy ratio was calculated as required by the regulations of the Polish Financial Supervision Authority.

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

1) Amounts accounting for 8% of risk weighted exposures separately for each class of exposure defined in § 20 clause 1 of Annex No. 4 to Resolution No. 76/2010 of the Polish Financial Supervision Authority concerning the scope and detailed rules of determining capital requirements for particular types of risks.

in PLN '000'	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
The amount of the capital requirement for credit risk*, including counterparty credit risk:	**2 045 511**	**1 973 217**	**2 183 770**
- central governments and central banks	0	0	0
- regional governments and local authorities	3 483	3 603	4 267
- administrative bodies and non-commercial undertakings	7 998	9 523	8 989
- multilateral development banks	0	0	0
- international organisations	0	0	0
- institutions – banks	79 487	78 971	95 640
- enterprises	440 573	453 347	617 540
- retail	752 924	691 125	766 329
- secured by real estate property	666 066	643 981	590 137
- past due items	36 083	30 597	40 105
- exposures belonging to regulatory high-risk categories	6 628	6 951	1 521
- covered bonds	0	0	0
- securitisation positions	0	0	0
- short-term exposures to banks and corporates	0	0	0
- in collective investment undertakings	0	0	0
- other exposures	52 269	55 119	59 242

* estimated on the basis of the Standardized Approach

2) The amounts of minimum capital requirements referred to in § 6 clause 1 items 2-5 of the Resolution of the Polish Financial Supervision Authority No. 76/2010 concerning the capital adequacy of banks.

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
The amount of the capital requirement for credit risk, including:	**58 662**	**26 532**	**39 797**
- currency risk	0	0	0
- commodity price risk	0	0	0
- equity securities price risk	0	0	0
- price risk of debt instruments	0	0	0
- general interest rate risk	58 662	26 532	39 797

3) The amount of minimum capital requirements referred to in § 6 clause 1 item 6 of the Resolution of the Polish Financial Supervision Authority No. 76/2010 concerning the capital adequacy of banks.

	Year	
Result*	2007	1 442 180
Result*	2008	1 685 448
Result*	2009	1 647 521
Capital Charge	2007	207 300
Capital Charge	2008	242 268
Capital Charge	2009	237 776
Operational risk requirement**		**229 115**

* calculated according to Annex No. 14 to Resolution No. 76/2010 of the Polish Financial Supervision Authority of 10.03.2010
** estimated on the basis of the Standardized Approach

As at 30.06.2010, 31.12.2009 and 30.06.2009, the exposure concentration limit, the large exposure limit and the capital concentration threshold were not exceeded in Kredyt Bank S.A.

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

35. Discontinued operations

The Group did not carry out operations which were discontinued in the first half of 2010 or in 2009.

36. Related party transactions

In the first half of 2010, there were no significant non-standard transactions with related parties whose nature and terms were not related to current operations.

Below, we are presenting non-standard significant transactions with related parties concluded in 2009.

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

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

On 16.12.2009, Kredyt Bank S.A. entered into a sale agreement for the benefit of KBC Bank N.V. concerning 479,281 shares of the subsidiary Żagiel S.A. with the nominal value of PLN 50 each, representing 100% of the share capital of Żagiel S.A. and entitling their holder to exercise 100% of votes at the General Meeting of Shareholders of Żagiel S.A.

The selling price for 100% of shares of Żagiel S.A. amounts to PLN 350 million. In the case of the sale of Żagiel by KBC to an outside entity for an amount higher than PLN 350 million, in addition, Kredyt Bank will receive from KBC the amount of the surplus less applicable taxes and fees. In the case of the sale of the shares of Żagiel by KBC to an outside entity for an amount lower than PLN 350 million, the risk of Kredyt Bank is limited to 10% of the proposed selling price.

According to the independent opinion prepared by a consulting company, KPMG Advisory, upon the order of the Management Board of Kredyt Bank S.A., the financial conditions of the sale of the shares of Żagiel S.A. are included in the fair value range for the shares of Żagiel S.A. estimated by KPMG Advisory (including the repositioning of Żagiel S.A. in December 2009) and, as a result, they are fair from the viewpoint of the interests of Kredyt Bank S.A.

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

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

30.06.2010

non-audited

Assets	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total as at 30.06.2010
Loans and advances to banks	0	10 385	339	**10 724**
Derivatives	0	82 404	15 701	**98 105**
Loans and advances to customers	0	0	0	**0**
Other assets	644	72	9 304	**10 020**
Total assets	**644**	**92 861**	**25 344**	**118 849**

Liabilities	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total as at 30.06.2010
Amounts due to banks	0	8 521 337	2 904 453	**11 425 790**
Derivatives	0	219 507	36 181	**255 688**
Amounts due to customers	8 357	0	1 494 770	**1 503 127**
Subordinated liabilities	0	903 162	0	**903 162**
Other liabilities	0	2 760	24 839	**27 599**
Total liabilities	**8 357**	**9 646 766**	**4 460 243**	**14 115 366**

Off-balance sheet items	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total as at 30.06.2010
Granted financing liabilities	0	0	242 150	**242 150**
Guarantees granted	0	437 507	35 999	**473 506**
Received financing liabilities	0	568	0	**568**
Guarantees received	0	924 698	169 939	**1 094 637**
Derivatives	0	14 893 509	4 915 854	**19 809 363**
Securities received	0	0	0	**0**
Total off-balance sheet items	**0**	**16 256 282**	**5 363 942**	**21 620 224**

Income	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total for the first half of 2010
Interest income	0	8 293	252	**8 545**
Commission income	6 313	152	21 215	**27 680**
Net trading income	106	-94 757	6 419	**-88 232**
Other operating income	36	44	4 238	**4 318**
Total income	**6 455**	**-86 268**	**32 124**	**-47 689**

Expenses	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total for the first half of 2010
Interest expense	229	37 404	13 405	**51 038**
Fee and commission expense	0	88	-9 927	**-9 839**
General and administrative expenses	0	2 239	16 191	**18 430**
Total expenses	**229**	**39 731**	**19 669**	**59 629**

31.12.2009

Assets	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total as at 31.12.2009
Loans and advances to banks	0	28 048	4 638	**32 686**
Derivatives	0	72 180	18 412	**90 592**
Loans and advances to customers	0	0	337 880	**337 880**
Other assets	1 842	5	7 130	**8 977**
Total assets	**1 842**	**100 233**	**368 060**	**470 135**

Liabilities	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total as at 31.12.2009
Amounts due to banks	0	7 530 172	3 436 903	**10 967 075**
Derivatives	0	126 884	15 552	**142 436**
Amounts due to customers	8 188	0	1 658 902	**1 667 090**
Subordinated liabilities	0	805 816	0	**805 816**
Other liabilities	0	1 435	12 048	**13 483**
Total liabilities	**8 188**	**8 464 307**	**5 123 405**	**13 595 900**

Off-balance sheet items	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total as at 31.12.2009
Granted financing liabilities	0	0	181 150	**181 150**
Guarantees granted	0	315 538	174 015	**489 553**
Received financing liabilities	0	1 042 486	0	**1 042 486**
Guarantees received	0	855 477	173 605	**1 029 082**
Derivatives	0	12 403 258	1 788 987	**14 192 245**
Total off-balance sheet items	**0**	**14 616 759**	**2 317 757**	**16 934 516**

Income	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total for 2009
Interest income*	0	32 564	102 886	**135 450**
Commission income	9 314	253	27 125	**36 692**
Net trading income	0	-159 725	4 797	**-154 928**
Other operating income	15	2 950	7 216	**10 181**
Net gains from the sale of the shares of Żagiel	0	268 274	0	**268 274**
Total income	**9 329**	**144 316**	**142 024**	**295 669**

*commissions settled according to EIR

Expenses	Associates	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total for 2009
Interest expense	125	108 298	168 331	**276 754**
Fee and commission expense	0	405	-20 271	**-19 866**
General and administrative expenses	0	4 362	24 233	**28 595**
Total expenses	**125**	**113 065**	**172 293**	**285 483**

<u>As at 30.06.2009 (comparable data)</u>

non-audited

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

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

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

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

*commissions settled according to EIR

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

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

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

Bank's Management Board	**01.01.2010-30.06.2010** *non-audited*	Comparable data **01.01.2009-31.12.2009**	Comparable data **01.01.2009-30.06.2009** *non-audited*
Basic remunerations	3 089	5 455	2 623
Bonuses*	0	1 218	1 218
Other benefits**	1 335	1 573	1 026
Severance pays	0	0	0
Total	**4 424**	**8 246**	**4 867**

*The bonus for 2008 was paid in 2009
** Other benefits entail, for example, loyalty bonuses and compensations for lost benefits related to the change of the previous job and further employment in Kredyt Bank.

The increase in basic remunerations in the first half of 2010 as compared to the first half of 2009 is related to the appointment of Mr. Gert Rammeloo as a Member of the Management Board (as of 1.06.2009).

Bank's Supervisory Board	**01.01.2010-30.06.2010** *non-audited*	Comparable data **01.01.2009-31.12.2009**	Comparable data **01.01.2009-30.06.2009** *non-audited*
Basic remunerations and other benefits	711	1 655	827
Total	**711**	**1 655**	**827**

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

Management Boards of the Group's companies	**01.01.2010-30.06.2010** *non-audited*	Comparable data **01.01.2009-31.12.2009**	Comparable data **01.01.2009-30.06.2009** *non-audited*
Reliz Sp. z o.o.	128	239	119
Żagiel S.A.	-	2 434	1 306
Kredyt Lease S.A.	572	1 181	654
Kredyt Trade Sp. z o.o.	246	271	329
BFI Serwis Sp. z o.o.	13	26	13
Net Fund Administration Sp. z o.o. (former Net Banking Sp. z o.o.)*	60	20	0
Lizar Sp. z o.o.	0	0	0
Total	**1 019**	**4 171**	**2 421**

* until 1.04.2010

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

Benefit	**01.01.2010-30.06.2010** *non-audited*	Comparable data **01.01.2009-31.12.2009**	Comparable data **01.01.2009-30.06.2009** *non-audited*
Short-term employee benefits	5 135	9 901	5 694
Benefits paid after employment termination	0	0	0
Severance pays	0	0	0
Total	**5 135**	**9 901**	**5 694**

In the first half of 2010 and in 2009, the present Members of the Bank's Management Board and of the Bank's Supervisory Board did not receive remuneration for performing their functions in subsidiaries.

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

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

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

As at 30.06.2010, total indebtness related to loans and cash loans granted by the Group amounted to:

- for Members of the Bank's Management Board – PLN 0 thousand;
- for Members of the Bank's Supervisory Board – PLN 0 thousand;
- for the Bank's employees – PLN 251,053 thousand.

As at 31.12.2009, total indebtness related to loans and cash loans granted by the Group amounted to:

- for Members of the Bank's Management Board – PLN 383 thousand;
- for Members of the Bank's Supervisory Board – PLN 628 thousand;
- for the Bank's employees – PLN 233,907 thousand.

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

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

As at 30.06.2010, past due debts of employees amounted to PLN 493 thousand.

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

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

39. Disposal of subordinated companies

On 1.04.2010, the Bank sold:

- to KBC TFI S.A., 970 shares in Net Fund Administration Sp. z o.o. (former Net Banking Sp. z o.o.);
- to PTE WARTA S.A., 1,868 shares in Net Fund Administration Sp. z o.o. (former Net Banking Sp. z o.o.).

Hence, the Bank sold all its shares held in Net Fund Administration Sp. z o.o.
In addition, the Bank's subsidiary, Kredyt Trade Sp. z o.o. sold, on 1.04.2010, to PTE WARTA S.A., one share held by it in Net Fund Administration Sp. z o.o.

On 16.12.2009, Kredyt Bank S.A. entered into a sale agreement for the benefit of KBC Bank N.V. concerning 479,281 shares of the subsidiary Żagiel S.A. with the nominal value of PLN 50 each, representing 100% of the share capital of Żagiel S.A. and entitling their holder to exercise 100% of votes at the General Meeting of Shareholders of Żagiel S.A.

Apart from the transactions presented above, no other subordinated companies were sold in the first half of 2010 and in 2009.

40. Seasonality or cyclical nature of operations

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

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

In the first half of 2010 and in 2009, the Group's companies did not issue, redeem or repay any issued equity securities.

42. Dividends paid and declared

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

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

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

In the first half 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 second 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 second 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 judgment 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.

- On 17.01.2001, the President of the Office for Competition and Customer Protection, upon the request of the Polish Organization of Commerce and Distribution (POHiD), initiated proceedings concerning competition-restricting practices on the payment cards market by VISA and MasterCard as well as 20 banks, including Kredyt Bank S.A. On 29.12.2006, the President of the Office for Competition and Customer Protection issued the decision in which:

  - they imposed a fine on Kredyt Bank of PLN 12,158.4 thousand;
  - HSBC Bank Polska S.A. was fined with PLN 193.0 thousand and the proceedings against this company were discontinued (under a binding agreement between HSBC and Kredyt Bank S.A., the fine for HSBC should be paid by Kredyt Bank S.A. as well).

  The decision was to be enforced immediately as regards the order to discontinue the practice of joint determination of the intercharge fee rate. On 17.01.2006 and 19.01.2007, appeals against Decision No. DAR 15/2006 of the President of the Office for Competition and Customer Protection were made on behalf of HSBC Bank Polska and Kredyt Bank. In this decision, the President of the Office for Competition and Customer Protection resolved that joint determination by the Banks, Visa and MasterCard of the interchange fee restricted competition. On 18.01.2007, the President of the Office for Competition and Customer Protection issued a decision in which they obliged the banks to jointly and severally pay PLN 157.6 thousand to the Polish Organization of Commerce and Distribution (POHiD) as reimbursement of the proceedings costs. Kredyt Bank S.A. complained against this decision on 31.01.2007 and deemed it unjustified. The case was referred to the Economic Court in Warsaw which split the case into separate proceedings against each of the banks involved in the case. On 25.08.2008, the court decided to withhold the execution of the decision issued in the case of interchange fees. On 12.11.2008, the circuit court in Warsaw, the Competition and Customer Protection Court, issued a judgment amending the contested decision, in which the court stated that the Banks had not applied monopolistic practices in this respect. On 3.02.2009, the Bank received the appeal against the judgment made by the President of the Office for Competition and Customer Protection. At the hearing held on 22.04.2010, the court issued a judgment by which it overruled the judgment of the circuit court advantageous for the Bank and referred the case to the circuit court to be re-examined.

- In relation to a loan transaction to finance the construction of ‘Altus’ building in Katowice, the Bank and Reliz Sp. z o.o. (the building owner) are involved in certain disputes of legal nature. The Bank owns 100% shares of Reliz. The said disputes are related to claims of the guarantor of the loan to finance the building, i.e. Mostostal Zabrze Holding S.A against the Bank and the building owner. The present dispute concerns fraudulent conveyance charge by Mostostal Zabrze Holding S.A. against Reliz Sp. z o.o. regarding the failure to recognize the agreement on the transfer of ownership title to ‘Altus’ building by Business Center 2000 Sp. z o.o. (‘BC 2000’) to Reliz Sp. z o.o. as effective. The value of the subject of litigation amounts to PLN 46 million. In the Bank’s opinion, a part of potential claims is prescribed. On 31.07.2009, the 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.

- The claim to pay PLN 9 million is directly related to the effective debt recovery measures taken by the Banks 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 plaintiff’s appeal, taking the decision in the case in favour of the Bank. 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.

- The plaintiff claims damages from Kredyt Bank S.A. and HSBC Bank Polska S.A. of PLN 20 million and PLN 10 million as the satisfaction of the claim. In the justification of the lawsuit, the plaintiff claims that Prosper Bank S.A. (now HSBC Bank Polska S.A.), acting under the cooperation agreement concluded with a leasing company, wrote a bill of exchange which secured the agreement, and further lodged a lawsuit against this company and the plaintiff in the proceedings by writ of payment for this bill of exchange and obtained the order for payment. In the plaintiff’s opinion, Prosper Bank violated the agreement, wrote the bill of exchange incorrectly and lodged a completely unjustified lawsuit. The plaintiff claims that the order for payment issued by the district court on 11.01.1999 resulted in the loss of his property and his detriment amounting to PLN 30 million. Kredyt Bank submitted a reply to the lawsuit on its own and HSBC’s behalf. The date of the next hearing was set by the court for 28.09.2010.

- 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.

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

As of 30.06.2010, the Bank issued guarantees with the total value of at least 10% of the Bank's equity, to one company and its subsidiaries. The guarantees were issued for the total amount of PLN 334,302 thousand.

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

As of 31.12.2009, the Bank's subsidiaries did not issue guarantees with the total value of at least 10% of the Bank's equity, to one company or entities of one capital group.

As of 30.06.2009, 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.

45. Post-balance sheet events

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

46. Non-typical factors and events

In the first half of 2010 and in 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.

47. 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 22.02.2010, the Management Board of Kredyt Bank S.A. was notified of the resignation, submitted to the Chairman of the Supervisory Board of Kredyt Bank S.A., by Mr. Francois Gillet from the membership in the Supervisory Board, as from 23.02.2010.

On 4.03.2010, the Management Board of Kredyt Bank S.A. was notified of the resignation, submitted to the Chairman of the Bank's Supervisory Board, by Ms. Lidia Jabłonowska-Luba from the position of the Vice President of the Management Board of Kredyt Bank S.A. and the membership in the Management Board of Kredyt Bank S.A., as from 14.03.2010. The above resignation is related to Ms. Lidia Jabłonowska-Luba's acceptance of the job offer in the Head Office of KBC Bank N.V.

On 23.03.2010, the Management Board of Kredyt Bank S.A. was notified of the resignation, submitted to the Chairman of the Supervisory Board of Kredyt Bank S.A., by Mr. Marek Michałowski from the membership in the Supervisory Board, as from 23.03.2010.

The Supervisory Board of Kredyt Bank S.A., at its meeting held on 26 April 2010, appointed Mr. Zbigniew Kudaś as a Member and Vice President of the Management Board, who, as the Chief Operating Officer, will be liable, among other things, for the supervision, management and coordination of activities in the areas of product development, banking operations and the IT function.

On 26.05.2010, the General Meeting of Shareholders of Kredyt Bank S.A. appointed the following members of the Supervisory Board:

- Ronny Delchambre
- Stefan Kawalec
- Dirk Mampaey
- Adam Noga
- Jarosław Parkot
- Marko Voljc
- Andrzej Witkowski

48. 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.

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

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

- only a moderate upgrading of the economic growth rate resulting in the risk of no significant improvement of the situation on the labour market and limiting chances for the fast reconstruction of the quality of the loans portfolio;
- incomplete information in BIK concerning loans granted to customers by banks (mainly instalment and cash loans) which impedes the assessment of the risk related to the increase in credit exposure, including the risk of the deterioration of the loans portfolio of individual customers;
- the impact of the implementation of the T-Recommendation upon the development of the portfolio of mortgage loans;
- persisting high cost of long-term liquidity both in PLN and in foreign currencies;
- slow reconstruction of the demand for complex financial products, especially in the corporate customers segment, and a gradual increase in the interest in investment products offered by the Group among individual customers;
- lower cost of sourcing and maintaining deposits.

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

Below, we are describing changes in the approach towards the management of credit risk, liquidity risk and operational risk introduced in the first half of 2010. As regards other types of risk the Group is exposed to, i.e. the market risk in trade and ALM risk, the approach has not changed much as compared to the situation described in the consolidated financial statements of the Group as at 31.12.2009.

50.1. Credit risk

In the first half of 2010, the Group introduced, as regards retail credit exposures, modifications in response to the general macroeconomic situation in Poland and the regulatory environment in order to maintain the level of the Bank's credit risk at an acceptable level. The chief changes in the credit policy:

- a gradual adjustment of the credit policy to the requirements of the T-Recommendation;
- tightening the acceptance conditions for groups of customers with the highest level of risk;
- adjusting the parameters of acceptance and lending to business requirements having regard for the defined level of risk appetite;
- change in the debt recovery process for the portfolio of mortgages to increase its effectiveness.

Simultaneously, as regards the credit risk, its measurement and monitoring, the Group:

- carried out a detailed analysis of the portfolio of mortgages and cyclical stress-testing for this portfolio;
- presented the outcomes of the review of professional and geographical limits for the portfolio of corporate customers and a report from the review of customers from the most risky industries;
- expanded the reporting process, especially as regards the models of credit risk.

50.2. Liquidity risk

As regards the liquidity risk in the first half of 2010, the Bank:

- adopted updated assumptions for stress-testing concerning liquidity; the results of the test also reflected the impact of shock distortions of systemic nature as well as disadvantageous changes concerning the financing in response to the potential decline in the Group's rating;
- according to the policy adopted in KBC Group, introduced additional measures of operational liquidity along with limits (for 5- and 30-day periods);
- carried out works aiming at the assessment of the impact of new liquidity regulations in the form proposed in December 2009 by the Basel Committee.

50.3. Operational risk

In the first half of 2010, the Group expanded and improved the operational risk management system through:

- the introduction of the Standardized Approach in the calculation of the capital requirement to cover the operational risk in Kredyt Bank Group;
- updating the internal regulations concerning:
  - the methodology of Risk Self Assessment – RSA;
  - the methodology of Key Risk Indicators – KRI;
  - procedures of implementing the Group's Standards in Kredyt Bank and its subsidiaries;
- carrying out the annual assessment of the compliance of MCO (Mandatory Control Objective) guidelines in the IT area. MCOs are based on the guidelines from COBIT (Control Objectives for Information and related Technology);
- the implementation of KBC's group standard in Kredyt Bank: Information Classification.

These interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group were approved by the Management Board of Kredyt Bank S.A. on 05.08.2010.

Signatures of all Management Board Members

date	05.08.2010	Maciej Bardan	President of the Management Board	....
date	05.08.2010	Umberto Arts	Vice President of the Management Board	....
date	05.08.2010	Krzysztof Kokot	Vice President of the Management Board	....
date	05.08.2010	Zbigniew Kudaś	Vice President of the Management Board	....
date	05.08.2010	Gert Rammeloo	Vice President of the Management Board	....

Signature of a person responsible for keeping the accounting books

date	05.08.2010	Grzegorz Kędzior	Director of Accounting and External Reporting Department	....

II. Interim condensed standalone financial statements

1. Income Statement

in PLN '000'	2nd quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2nd quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
Interest income	521 468	1 016 847	519 686	1 077 323
Interest expense	-279 677	-536 450	-300 198	-670 898
Net interest income	**241 791**	**480 397**	**219 488**	**406 425**
Fee and commission income	99 220	200 819	97 392	193 337
Fee and commission expense	-23 123	-44 476	-31 878	-58 926
Net fee and commission income	**76 097**	**156 343**	**65 514**	**134 411**
Dividend income	6 584	6 837	120 759	120 759
Net trading income	31 978	54 902	17 210	84 153
Net result on derivatives used as hedged items and hedging instruments	81	596	-1 059	87
Net gains from investment activities	30	3 685	363	4 513
Other operating income	10 274	23 732	24 042	33 758
Total operating income	**366 835**	**726 492**	**446 317**	**784 106**
General and administrative expenses	-218 382	-434 471	-212 339	-434 670
Other operating expenses	-10 532	-18 845	-8 255	-16 420
Total operating expenses	**-228 914**	**-453 316**	**-220 594**	**-451 090**
Net impairment losses on financial assets, other assets and provisions	-139 182	-225 254	-97 035	-278 293
Net operating income	**-1 261**	**47 922**	**128 688**	**54 723**
Share in profit (loss) of associates	0	0	0	0
Profit (loss) before tax	**-1 261**	**47 922**	**128 688**	**54 723**
Income tax expense	-2 599	-14 194	-1 968	13 025
Net profit (loss) from continued operations	**-3 860**	**33 728**	**126 720**	**67 748**
Net profit from discontinued operations	0	0	0	0
Net profit (loss)	**-3 860**	**33 728**	**126 720**	**67 748**

2. Statement of Comprehensive Income

in PLN '000'	2nd quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2nd quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
Net profit/loss for the period	**-3 860**	**33 728**	**126 720**	**67 748**
Valuation of financial assets available-for-sale	-41 210	44 295	27 556	-34 606
- including deferred income tax	9 668	-10 389	-6 464	8 118
Effects of valuation of derivatives designated for cash flow hedge	-537	21 228	-14 273	-73 068
- including deferred income tax	125	-4 980	3 348	17 139
Other comprehensive income (loss) recognized directly in equity	**-41 747**	**65 523**	**13 283**	**-107 674**
Total comprehensive income (loss) for the period	**-45 607**	**99 251**	**140 003**	**-39 926**

3. Balance Sheet

in PLN '000'	**30.06.2010** *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Assets			
Cash and balances with Central Bank	1 441 057	1 175 451	1 757 654
Gross loans and advances to banks	1 216 184	190 013	499 108
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 260
Receivables arising from repurchase transactions	0	331 875	7 001
Financial assets designated upon initial recognition as at fair value through profit or loss	104 201	136 836	883 465
Held-for-trading financial assets (excluding derivatives)	1 590 660	1 179 950	1 624 866
Derivatives including:	591 221	571 410	1 125 105
- derivatives used as hedging instruments	89 227	55 741	66 014
Gross loans and advances to customers	28 654 186	27 312 467	29 101 959
Impairment losses on loans and advances to customers	-1 744 445	-1 540 231	-1 069 644
Investment securities:	9 371 825	8 785 579	6 239 762
- available-for-sale	6 883 512	6 032 241	4 334 406
- held-to-maturity	2 488 313	2 753 338	1 905 356
Investments in subsidiaries and jointly controlled entities	64 576	65 995	66 000
Property, plant and equipment	327 991	360 238	368 094
Intangible assets	47 860	53 553	53 930
Deferred tax asset	209 792	179 266	159 547
Investment properties	20 544	9 893	0
Other assets	100 276	102 508	123 863
Total assets	**41 993 668**	**38 912 543**	**40 938 450**

Balance Sheet (cont.)

in PLN '000'	**30.06.2010** *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Liabilities			
Amounts due to Central Bank	6	1 321 802	2 660 640
Amounts due to banks	11 414 472	10 831 690	11 120 518
Derivatives including:	743 927	541 068	1 036 593
- derivatives used as hedging instruments	0	3 166	2 368
Amounts due to customers	25 705 578	22 521 686	22 469 455
Liabilities arising from repurchase transactions	128 561	0	0
Current tax liability	41 692	31 833	46 962
Provisions	39 180	31 409	49 759
Deferred tax liability	0	0	0
Other liabilities	265 540	174 940	165 277
Subordinated liabilities	903 162	805 816	849 952
Total liabilities	**39 242 118**	**36 260 244**	**38 399 156**

in PLN '000'	**30.06.2010** *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Equity			
Share capital	1 358 294	1 358 294	1 358 294
Supplementary capital	887 347	782 046	782 046
Revaluation reserve	71 239	5 716	-9 736
Reserves	400 942	340 942	340 942
Current net profit attributable to the Shareholders of the Bank	33 728	165 301	67 748
Total equity	**2 751 550**	**2 652 299**	**2 539 294**
Total equity and liabilities	**41 993 668**	**38 912 543**	**40 938 450**

4. Off-balance Sheet Items

in PLN '000'	**30.06.2010** *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Liabilities granted and received			
Liabilities granted, including:	**6 100 222**	**5 879 963**	**5 942 821**
- financial	4 208 561	4 094 569	4 068 165
- guarantees	1 891 661	1 785 394	1 874 656
Liabilities received, including:	**1 241 526**	**2 452 623**	**1 404 799**
- financial	56 103	1 228 242	7 512
- guarantees	1 185 423	1 224 381	1 397 287
Liabilities related to the sale/purchase transactions	**175 348 397**	**89 935 738**	**146 723 571**
Other:	**6 989 484**	**6 574 059**	**6 056 165**
- collateral received	6 989 484	6 574 059	6 056 165

5. Statement of Changes in Equity

Changes in the period 01.01.2010-30.06.2010 *non-audited*

in PLN '000'	Share capital	Supple-mentary capital	Revaluation reserve	Reserves	Retained earnings (losses)	Net profit/loss for the period	Total equity
Equity at opening balance – as of 01.01.2010	**1 358 294**	**782 046**	**5 716**	**340 942**	**165 301**	**0**	**2 652 299**
Valuation of financial assets available-for-sale			54 684				54 684
Effects of valuation of derivatives designated for cash flow hedge			26 208				26 208
Deferred tax on items recognized in equity			-15 369				-15 369
Net profit/loss recognized directly in the equity			**65 523**				**65 523**
Net profit/loss for the period						33 728	33 728
Total of recognized income and expenses			**65 523**			**33 728**	**99 251**
Profit allowance		105 301		60 000	-165 301		0
Equity at end of period – as of 30.06.2010	**1 358 294**	**887 347**	**71 239**	**400 942**	**0**	**33 728**	**2 751 550**

Changes in the period 01.01.2009-31.12.2009 (comparable data)

in PLN '000'	Share capital	Supple-mentary capital	Revaluation reserve	Reserves	Retained earnings (losses)	Net profit/loss for the period	Total equity
Equity at opening balance – as of 01.01.2009	**1 358 294**	**580 974**	**97 938**	**240 942**	**301 072**	**0**	**2 579 220**
Valuation of financial assets available-for-sale			-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
Net profit/loss recognized directly in the equity			**-92 222**				**-92 222**
Net profit/loss for the period						165 301	165 301
Total of recognized income and expenses			**-92 222**			**165 301**	**73 079**
Profit allowance		201 072		100 000	-301 072		0
Equity at end of period – as of 31.12.2009	**1 358 294**	**782 046**	**5 716**	**340 942**	**0**	**165 301**	**2 652 299**

Changes in the period 01.01.2009-30.06.2009 (comparable data) *non-audited*

in PLN '000'	Share capital	Supple-mentary capital	Revaluation reserve	Reserves	Retained earnings (losses)	Net profit/loss for the period	Total equity
Equity at opening balance – as of 01.01.2009	**1 358 294**	**580 974**	**97 938**	**240 942**	**301 072**	**0**	**2 579 220**
Valuation of financial assets available-for-sale			-42 724				-42 724
Effects of valuation of derivatives designated for cash flow hedge			-90 207				-90 207
Deferred tax on items recognized in equity			25 257				25 257
Net profit/loss recognized directly in the equity			**-107 674**				**-107 674**
Net profit/loss for the period						67 748	67 748
Total of recognized income and expenses			**-107 674**			**67 748**	**-39 926**
Profit allowance		201 072		100 000	-301 072		0
Equity at end of period – as of 30.06.2009	**1 358 294**	**782 046**	**-9 736**	**340 942**	**0**	**67 748**	**2 539 294**

6. Cash Flow Statement

in PLN '000'	2nd quarter of 2010 **01.04.2010 - 30.06.2010** non-audited	Two quarters of 2010 **01.01.2010 - 30.06.2010** non-audited	Comparable data 2nd quarter of 2009 **01.04.2009 - 30.06.2009** non-audited	Comparable data Two quarters of 2009 **01.01.2009 - 30.06.2009** non-audited
Cash flow from operating activities				
Net profit	**-3 860**	**33 728**	**126 720**	**67 748**
Adjustments to net profit (loss) and net cash from operating activities:	**1 224 172**	**2 407 332**	**-308 514**	**178 296**
Current and deferred tax recognized in financial result	2 599	14 194	1 968	-13 025
Non-realised profit (loss) from currency translation differences	43 320	-16 199	10 062	-24 044
Depreciation	22 796	46 542	25 483	49 419
Net increase/decrease in impairment	128 255	199 008	36 038	143 999
Dividends	-6 584	-6 837	-120 759	-120 759
Interest	67 708	-117 851	-24 507	-51 052
Net increase/decrease in provisions	10 163	7 771	-3 382	19 380
Profit (loss) on disposal of investments	-327	-3 534	-292	-3 819
Net increase/decrease in operating assets (excluding cash)	**-2 170 646**	**-1 255 401**	**1 438 354**	**-1 432 364**
Net increase/decrease in loans and advances to banks	-941 382	-915 857	22 382	11 665
Net increase/decrease in financial assets designated upon initial recognition as at fair value through profit or loss	-1 560	32 635	-647 606	-742 354
Net increase/decrease in held-for-trading financial assets and derivatives	-344 789	-326 215	923 871	660 640
Net increase/decrease in receivables arising from repurchase transactions	32 235	331 875	329 246	-7 001
Net increase/decrease in gross loans and advances to customers	-1 916 497	-1 341 719	871 726	-1 248 803
Net increase/decrease in current tax receivable	18 638	0	0	0
Paid/received income tax	6 681	-21 550	-37 072	-77 625
Net increase/decrease in other assets	976 028	985 430	-24 193	-28 886
Net increase/decrease in operating liabilities	**3 126 888**	**3 539 639**	**-1 671 479**	**1 610 561**
Net increase/decrease in amounts due to Central Bank	-207 991	-1 321 796	2 285 695	1 547 365
Net increase/decrease in amounts due to banks	2 057 910	1 281 292	-2 031 086	-955 887
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	167 490	206 025	-664 829	-854 288
Net increase/decrease in amounts due to customers	1 145 449	3 183 892	57 370	1 914 146
Net increase/decrease in liabilities arising from repurchase transactions	-18 312	128 561	-1 317 003	-8 991
Net increase/decrease in other liabilities	-17 658	61 665	-1 626	-31 784
Net cash flow from operating activities	**1 220 312**	**2 441 060**	**-181 794**	**246 044**

in PLN '000'	2nd quarter of 2010 01.04.2010 - 30.06.2010 non-audited	Two quarters of 2010 01.01.2010 - 30.06.2010 non-audited	Comparable data 2nd quarter of 2009 01.04.2009 - 30.06.2009 non-audited	Comparable data Two quarters of 2009 01.01.2009 - 30.06.2009 non-audited
Cash flow from investing activities				
Inflows	**24 157 339**	**28 525 991**	**2 540 957**	**3 142 116**
Disposal of property, plant and equipment, intangible assets and investment properties	-898	33	0	0
Disposal of shares in subordinated companies	1 449	1 449	0	0
Disposal of investment securities	24 134 887	28 366 204	2 340 809	2 874 658
Dividends	6 584	6 837	120 759	120 759
Interest received	15 317	151 468	79 389	146 699
Outflows	**-24 484 418**	**-29 840 006**	**-2 315 870**	**-2 923 498**
Acquisition of property, plant and equipment, intangible assets and investment properties	-9 545	-20 832	-7 852	-22 284
Acquisition of investment securities	-24 474 873	-29 819 174	-2 308 018	-2 901 214
Net cash flow from investing activities	**-327 079**	**-1 314 015**	**225 087**	**218 618**
Cash flow from financing activities				
Inflows	**96 970**	**96 970**	**1 151 686**	**1 949 087**
Proceeds from a subordinated loan	0	0	485 116	560 116
Proceeds from loans and advances	96 970	96 970	666 570	1 388 971
Outflows	**-820 798**	**-848 095**	**-640 463**	**-1 314 137**
Repayment of loans and advances	-793 959	-793 959	-600 000	-1 200 000
Other financial outflows	-26 839	-54 136	-40 463	-114 137
Net cash flow from financing activities	**-723 828**	**-751 125**	**511 223**	**634 950**
Net increase/decrease in cash	**169 405**	**375 920**	**554 516**	**1 099 612**
Cash at the beginning of the period	**1 397 654**	**1 191 139**	**1 506 327**	**961 231**
Cash at the end of the period, including:	**1 567 059**	**1 567 059**	**2 060 843**	**2 060 843**
Restricted cash	897 837	897 837	948 377	948 377

7. Basis of the preparation of the interim condensed standalone financial statements

Under Article 45 clause 1c of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2009, No. 152, item 1223) as amended ('the Accounting Act') and under the decision of the General Meeting of Shareholders of Kredyt Bank S.A. of 25.04.2005, starting from 01.01.2005, the standalone financial statements of Kredyt Bank S.A. ('the Bank') have been prepared in compliance with the International Accounting Standards ('IAS') and the International Financial Reporting Standards ('IFRS') that were approved by the European Union ('EU').

These condensed financial statements of Kredyt Bank S.A. for the first half of 2010 ended on 30.06.2010 have been prepared in accordance with par. 83 clauses 3 and 4 of the Ordinance of the Minister of Finance of 19.02.2009 on current and interim information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2009, No. 33, item 259) and IAS 34 *Interim Financial Reporting*.

These interim condensed financial statements of the Bank were approved for publication by the Management Board of Kredyt Bank S.A. on 05.08.2010.

These financial statements were reviewed by the key certified auditor acting on behalf of the authorized entity, i.e. Ernst & Young Audit sp. z o.o. The review was performed in accordance with the Polish law and the National Financial Review Standards issued by the National Chamber of Statutory Auditors. The figures for the second quarter of 2010 and the second quarter of 2009 have not been reviewed or audited by a certified auditor.

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

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

These interim condensed financial statements of the Bank do not cover all information and disclosures required in annual financial statements and should be read jointly with the financial statements of the Bank for the year ended on 31 December 2009.

Changes in the presentation for previous reporting periods are described in Note I.11.

8. Description of major applied accounting principles and material accounting estimates

The description of chief accounting principles and material accounting estimates applied in the Bank is identical to the description presented in Notes I.9 and I.10, except for the valuation of associates which, in the consolidated financial statements of the Group, are measured with the equity method.

9. Segment reporting

The description of segments, the rules of their separation and items presented in the segmentation note have been given in Note I.12.

The Bank's net result for the second quarter of 2010 by business segments (breakdown according to management reporting) ***non-audited***

in PLN '000'	Retail Segment	Enterprises Segment	Treasury Segment	Other	Total
Net interest income, including:	**146 569**	**69 835**	**37 276**	**-1 121**	**252 559**
- lending activities	120 249	46 238		-1 140	165 347
- depositing activities	28 709	25 471		19	54 199
- the cost of financing cash kept in the Bank's branches	-2 389	-1 874	4 263		0
Net commission income and other net income	**42 700**	**24 337**	**0**	**-715**	**66 322**
- commissions related to the keeping of accounts and transactions	21 151	12 415		259	33 825
- commissions related to cards	20 215	1 172		-969	20 418
- commissions related to shares in investment funds societies	8 462	704			9 166
- commissions related to insurance products	-2 847	-111			-2 958
- commissions related to foreign transactions	9	3 930		119	4 058
- other	-4 290	6 227		-124	1 813
Net income from treasury transactions	**13 346**	**11 993**	**8 688**	**689**	**34 716**
- exchange transactions	13 308	11 352	9 929	13	34 602
- derivatives and securities	38	641	-1 241	676	114
Net gains from investment activities			**30**	**6 584**	**6 614**
Operating income before tax	**202 615**	**106 165**	**45 994**	**5 437**	**360 211**
Net impairment losses on financial assets, other assets and provisions	**-91 901**	**-46 552**	**0**	**-4 637**	**-143 090**
Group's general and administrative expenses, including:	**-170 377**	**-40 127**	**-7 878**	**0**	**-218 382**
- the costs of the operation of business functions (direct expenses)	-100 838	-25 933	-4 652	-64 163	-195 586
- allocated expenses	-50 048	-11 773	-2 342	64 163	0
- depreciation (direct expenses)	-12 479	-769	-561	-8 987	-22 796
- depreciation (allocated expenses)	-7 012	-1 652	-323	8 987	0
Net operating income	**-59 663**	**19 486**	**38 116**	**800**	**-1 261**
Income tax expense					-2 599
Net profit/loss					**-3 860**

The Bank's net result for the first half of 2010 by business segments (breakdown according to management reporting) non-audited

in PLN '000'	Retail Segment	Enterprises Segment	Treasury Segment	Other	Total
Net interest income, including:	**293 517**	**131 930**	**76 774**	**-1 740**	**500 481**
- lending activities	238 934	85 594		-1 775	322 753
- depositing activities	59 345	50 093		35	109 473
- the cost of financing cash kept in the Bank's branches	-4 762	-3 757	8 519		0
Net commission income and other net income	**95 673**	**46 031**	**0**	**337**	**142 041**
- commissions related to the keeping of accounts and transactions	42 503	24 647		595	67 745
- commissions related to cards	42 808	2 290		-3 679	41 419
- commissions related to shares in investment funds societies	20 230	1 352			21 582
- commissions related to insurance products	-5 775	-187			-5 962
- commissions related to foreign transactions	69	7 601		233	7 903
- other	-4 162	10 328		3 188	9 354
Net income from treasury transactions	**20 133**	**24 258**	**9 817**	**-454**	**53 754**
- exchange transactions	20 071	23 112	13 144	31	56 358
- derivatives and securities	62	1 146	-3 327	-485	-2 604
Net gains from investment activities			**3 684**	**6 838**	**10 522**
Operating income before tax	**409 323**	**202 219**	**90 275**	**4 981**	**706 798**
Net impairment losses on financial assets, other assets and provisions	**-172 731**	**-46 860**	**0**	**-4 814**	**-224 405**
Group's general and administrative expenses, including:	**-337 229**	**-77 123**	**-20 119**	**0**	**-434 471**
- the costs of the operation of business functions (direct expenses)	-200 281	-50 290	-12 369	-124 989	-387 929
- allocated expenses	-97 014	-22 187	-5 788	124 989	0
- depreciation (direct expenses)	-25 953	-1 449	-1 128	-18 012	-46 542
- depreciation (allocated expenses)	-13 981	-3 197	-834	18 012	0
Net operating income	**-100 637**	**78 236**	**70 156**	**167**	**47 922**
Income tax expense					-14 194
Net profit/loss					**33 728**

The Bank's net result for the second quarter of 2009 by business segments (breakdown according to management reporting) (comparable data)
non-audited

in PLN '000'	Retail Segment	Enterprises Segment	Treasury Segment	Other	Total
Net interest income, including:	**155 982**	**67 340**	**8 776**	**-3 094**	**229 004**
- lending activities	129 721	40 518		-3 125	167 114
- depositing activities	28 567	28 551		31	57 149
- the cost of financing cash kept in the Bank's branches	-2 306	-1 729	4 035		0
Net commission income and other net income	**33 165**	**41 301**	**0**	**7 505**	**81 971**
- commissions related to the keeping of accounts and transactions	20 907	11 533		247	32 687
- commissions related to cards	12 425	1 191			13 616
- commissions related to shares in investment funds societies	7 458	533			7 991
- commissions related to insurance products	-6 075	-62			-6 137
- commissions related to foreign transactions	94	3 442		139	3 675
- other	-1 644	24 664		7 119	30 139
Net income from treasury transactions	**7 747**	**11 836**	**15 391**	**599**	**35 573**
- exchange transactions	7 734	11 225	17 687	2 333	38 979
- derivatives and securities	13	611	-2 296	-1 734	-3 406
Net gains from investment activities	**111 664**	**7 498**	**515**	**1 445**	**121 122**
Operating income before tax	**308 558**	**127 975**	**24 682**	**6 455**	**467 670**
Net impairment losses on financial assets, other assets and provisions	**-98 356**	**-27 193**	**0**	**-1 094**	**-126 643**
Group's general and administrative expenses, including:	**-175 672**	**-26 817**	**-9 850**	**0**	**-212 339**
- the costs of the operation of business functions (direct expenses)	-110 540	-18 409	-6 342	-51 565	-186 856
- allocated expenses	-42 560	-6 562	-2 443	51 565	0
- depreciation (direct expenses)	-14 308	-587	-602	-9 986	-25 483
- depreciation (allocated expenses)	-8 264	-1 259	-463	9 986	0
Net operating income	**34 530**	**73 965**	**14 832**	**5 361**	**128 688**
Income tax expense					-1 968
Net profit/loss					**126 720**

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

in PLN '000'	Retail Segment	Enterprises Segment	Treasury Segment	Other	Total
Net interest income, including:	**308 655**	**138 280**	**-12 483**	**-4 623**	**429 829**
- lending activities	266 119	82 547		-4 692	343 974
- depositing activities	47 736	59 632		69	107 437
- the cost of financing cash kept in the Bank's branches	-5 200	-3 899	9 099		0
Net commission income and other net income	**68 883**	**60 759**	**0**	**8 889**	**138 531**
- commissions related to the keeping of accounts and transactions	41 374	22 368		550	64 292
- commissions related to cards	28 857	2 299			31 156
- commissions related to shares in investment funds societies	13 537	898			14 435
- commissions related to insurance products	-12 087	-137			-12 224
- commissions related to foreign transactions	196	6 853		255	7 304
- other	-2 994	28 478		8 084	33 568
Net income from treasury transactions	**12 559**	**25 159**	**64 964**	**7 612**	**110 294**
- exchange transactions	12 482	22 430	46 180	9 560	90 652
- derivatives and securities	77	2 729	18 784	-1 948	19 642
Net gains from investment activities	**111 664**	**7 498**	**515**	**5 595**	**125 272**
Operating income before tax	**501 761**	**231 696**	**52 996**	**17 473**	**803 926**
Net impairment losses on financial assets, other assets and provisions	**-174 590**	**-134 109**	**0**	**-5 834**	**-314 533**
Group's general and administrative expenses, including:	**-354 314**	**-57 443**	**-22 913**	**0**	**-434 670**
- the costs of the operation of business functions (direct expenses)	-231 855	-40 974	-15 553	-96 869	-385 251
- allocated expenses	-78 961	-12 802	-5 106	96 869	0
- depreciation (direct expenses)	-26 608	-929	-1 161	-20 721	-49 419
- depreciation (allocated expenses)	-16 890	-2 738	-1 093	20 721	0
Net operating income	**-27 143**	**40 144**	**30 083**	**11 639**	**54 723**
Income tax expense					13 025
Net profit/loss					**67 748**

The allocation of assets by business segments as at 30.06.2010 *non-audited*

in PLN '000'	**Retail Segment**	**Enterprises Segment**	**Treasury Segment**	**Other**	**Total**
Loans and advances to customers	20 195 606	8 362 372			28 557 978
Loans and advances to banks			1 179 520		1 179 520
Securities			11 066 686		11 066 686
Other			591 221	598 263	1 189 484
Total	**20 195 606**	**8 362 372**	**12 837 427**	**598 263**	**41 993 668**

The allocation of assets by business segments as at 31.12.2009 (comparable data) *non-audited*

in PLN '000'	**Retail Segment**	**Enterprises Segment**	**Treasury Segment**	**Other**	**Total**
Loans and advances to customers	18 379 222	8 842 152			27 221 374
Loans and advances to banks			188 527		188 527
Securities			10 102 365		10 102 365
Other			571 410	828 867	1 400 277
Total	**18 379 222**	**8 842 152**	**10 862 302**	**828 867**	**38 912 543**

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

in PLN '000'	**Retail Segment**	**Enterprises Segment**	**Treasury Segment**	**Other**	**Total**
Loans and advances to customers	19 721 211	9 291 384			29 012 595
Loans and advances to banks			497 259		497 259
Securities			8 748 093		8 748 093
Other			1 125 105	1 555 398	2 680 503
Total	**19 721 211**	**9 291 384**	**10 370 457**	**1 555 398**	**40 938 450**

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

in PLN '000'	**01.04.2010-30.06.2010**
Net interest income - management information	**252 559**
- commissions on loans	11 482
+ operating expenses (interest on finance lease)	-390
+ operating income (the collection of statutory interest)	2 624
+ commissions related to foreign transactions	95
- structured deposit – interest adjustment	1 630
+ other	15
Net interest income - financial statements	**241 791**
Net commission income and other net income - management information	**66 322**
+ commissions on loans	11 482
- operating expenses (interest on finance lease)	-390
- operating income (the collection of statutory interest)	2 624
- commissions related to foreign transactions	95
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-3 549
- reversal of provisions related to the sale of debt	3 170
- other	15
Net commission income and other income - financial statements – presented as:	**75 839**
Net fee and commission income	76 097
Other operating income	10 274
Other operating expenses	-10 532
Net income from treasury transactions - management information	**34 716**
+ provision for potential losses related to active derivatives	-738
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-3 549
+ structured deposit – interest adjustment	1 630
Net trading income and net result on derivatives used as hedging instruments - financial statements – presented as:	**32 059**
Net trading income	31 978
Net result on derivatives used as hedging instruments and hedged items	81
Net gains from investment activities - management information	**6 614**
Net gains from investment activities and dividend income - financial statements – presented as:	**6 614**
Net gains from investment activities	30
Dividend income	6 584
Operating income before tax - management information	**360 211**
+ provision for potential losses related to active derivatives	-738
- reversal of provisions related to the sale of debt	3 170
Operating income before tax - financial statements – presented as:	**356 303**
Total operating income	366 835
Other operating expenses	-10 532

Net impairment losses on financial assets, other assets and provisions - management information	**-143 090**
- provision for potential losses related to active derivatives	-738
+ reversal of provisions related to the sale of debt	3 170
Net impairment losses on financial assets, other assets and provisions – financial statements	**-139 182**

in PLN '000'	**01.01.2010-30.06.2010**
Net interest income - management information	**500 481**
- commissions on loans	23 097
+ operating expenses (interest on finance lease)	-832
+ operating income (the collection of statutory interest)	5 279
+ commissions related to foreign transactions	156
- structured deposit – interest adjustment	1 630
+ other	40
Net interest income - financial statements	**480 397**
Net commission income and other net income - management information	**142 041**
+ commissions on loans	23 097
- operating expenses (interest on finance lease)	-832
- operating income (the collection of statutory interest)	5 279
- commissions related to foreign transactions	156
- the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-3 905
- reversal of provisions related to the sale of debt	3 170
- other	40
Net commission income and other income - financial statements – presented as:	**161 230**
Net fee and commission income	156 343
Other operating income	23 732
Other operating expenses	-18 845
Net income from treasury transactions - management information	**53 754**
+ provision for potential losses related to active derivatives	4 019
+ the valuation of shares and of an embedded instrument related to the operations of the enterprises function	-3 905
+ structured deposit – interest adjustment	1 630
Net trading income and net result on derivatives used as hedging instruments - financial statements – presented as:	**55 498**
Net trading income	54 902
Net result on derivatives used as hedging instruments and hedged items	596
Net gains from investment activities - management information	**10 522**
Net gains from investment activities and dividend income - financial statements – presented as:	**10 522**
Net gains from investment activities	3 685
Dividend income	6 837

Operating income before tax - management information	**706 798**
+ provision for potential losses related to active derivatives	4 019
- reversal of provisions related to the sale of debt	3 170
Operating income before tax - financial statements – presented as:	**707 647**
Total operating income	726 492
Other operating expenses	-18 845

Net impairment losses on financial assets, other assets and provisions - management information	**-224 405**
- provision for potential losses related to active derivatives	4 019
+ reversal of provisions related to the sale of debt	3 170
Net impairment losses on financial assets, other assets and provisions – financial statements	**-225 254**

in PLN '000'	**01.04.2009-30.06.2009**
Net interest income - management information	**229 004**
- commissions on loans	13 731
+ operating expenses (interest on finance lease)	-580
+ operating income (the collection of statutory interest)	4 167
+ commissions related to foreign transactions	293
+ other	335
Net interest income - financial statements	**219 488**

Net commission income and other net income - management information	**81 971**
+ commissions on loans	13 731
- reversal of provisions related to the sale of debt	10 186
- operating expenses (interest on finance lease)	-580
- operating income (the collection of statutory interest)	4 167
- commissions related to foreign transactions	293
- other	335
Net commission income and other income - financial statements – presented as:	**81 301**
Net fee and commission income	65 514
Other operating income	24 042
Other operating expenses	-8 255

Net income from treasury transactions - management information	**35 573**
+ provision for potential losses related to active derivatives	-19 422
Net trading income and net result on derivatives used as hedging instruments - financial statements – presented as:	**16 151**
Net trading income	17 210
Net result on derivatives used as hedging instruments and hedged items	-1 059

Net gains from investment activities - management information	**121 122**
Net gains from investment activities and dividend income - financial statements – presented as:	**121 122**
Net gains from investment activities	363
Dividend income	120 759

Operating income before tax - management information	**467 670**
+ provision for potential losses related to active derivatives	-19 422
- reversal of provisions related to the sale of debt	10 186
Operating income before tax - financial statements – presented as:	**438 062**
Total operating income	446 317
Other operating expenses	-8 255

Net impairment losses on financial assets, other assets and provisions - management information	**-126 643**
- provision for potential losses related to active derivatives	-19 422
+ reversal of provisions related to the sale of debt	10 186
Net impairment losses on financial assets, other assets and provisions – financial statements	**-97 035**

in PLN '000'	**01.01.2009-30.06.2009**
Net interest income - management information	**429 829**
- commissions on loans	28 147
+ operating expenses (interest on finance lease)	-1 221
+ operating income (the collection of statutory interest)	6 175
+ commissions related to foreign transactions	377
+ other	-588
Net interest income - financial statements	**406 425**

Net commission income and other net income - management information	**138 531**
+ commissions on loans	28 147
- reversal of provisions related to the sale of debt	10 186
- operating expenses (interest on finance lease)	-1 221
- operating income (the collection of statutory interest)	6 175
- commissions related to foreign transactions	377
- other	-588
Net commission income and other income - financial statements – presented as:	**151 749**
Net fee and commission income	134 411
Other operating income	33 758
Other operating expenses	-16 420

Net income from treasury transactions - management information	**110 294**
+ provision for potential losses related to active derivatives	-26 054
Net trading income and net result on derivatives used as hedging instruments - financial statements – presented as:	**84 240**
Net trading income	84 153
Net result on derivatives used as hedging instruments and hedged items	87

Net gains from investment activities - management information	**125 272**
Net gains from investment activities and dividend income - financial statements – presented as:	**125 272**
Net gains from investment activities	4 513
Dividend income	120 759

Operating income before tax - management information	**803 926**
+ provision for potential losses related to active derivatives	-26 054
- reversal of provisions related to the sale of debt	10 186
Operating income before tax - financial statements – presented as:	**767 686**
Total operating income	784 106
Other operating expenses	-16 420

Net impairment losses on financial assets, other assets and provisions - management information	**-314 533**
- provision for potential losses related to active derivatives	-26 054
+ reversal of provisions related to the sale of debt	10 186
Net impairment losses on financial assets, other assets and provisions – financial statements	**-278 293**

in PLN '000'	**Management information**	**Interest**	**Financial statements**
30.06.2010			
Loans and advances to customers	28 557 978	96 208	28 654 186
Loans and advances to banks	1 179 520	36 664	1 216 184
31.12.2009 (comparable data)			
Loans and advances to customers	27 221 374	91 093	27 312 467
Loans and advances to banks	188 527	1 486	190 013
30.06.2009 (comparable data)			
Loans and advances to customers	29 012 595	89 364	29 101 959
Loans and advances to banks	497 259	1 849	499 108

in PLN '000'	**30.06.2010**
Securities - management information	**11 066 686**
Securities - financial statements – presented as:	**11 066 686**
Financial assets at fair value through profit or loss upon initial recognition	104 201
Held-for-trading financial assets (excluding derivatives)	1 590 660
Investment securities	9 371 825
	Comparable data **31.12.2009**
Securities - management information	**10 102 365**
Securities - financial statements – presented as:	**10 102 365**
Financial assets at fair value through profit or loss upon initial recognition	136 836
Held-for-trading financial assets (excluding derivatives)	1 179 950
Investment securities	8 785 579
	Comparable data **30.06.2009**
Securities - management information	**8 748 093**
Securities - financial statements – presented as:	**8 748 093**
Financial assets at fair value through profit or loss upon initial recognition	883 465
Held-for-trading financial assets (excluding derivatives)	1 624 866
Investment securities	6 239 762

10. Related party transactions

Significant non-standard transactions with related parties whose nature and terms were not related to current operations have been described in Note I.37.

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

30.06.2010

non-audited

Assets	**Subsidiaries**	**Parent company - KBC Bank NV**	**KBC Group (without KBC Bank NV)**	**Total as at 30.06.2010**
Loans and advances to banks	0	10 385	339	**10 724**
Derivatives	0	82 404	15 701	**98 105**
Loans and advances to customers	354 377	0	0	**354 377**
Other assets	8 277	72	9 923	**18 272**
Total assets	**362 654**	**92 861**	**25 963**	**481 478**

Liabilities	**Subsidiaries**	**Parent company - KBC Bank NV**	**KBC Group (without KBC Bank NV)**	**Total as at 30.06.2010**
Amounts due to banks	0	8 229 454	2 904 453	**11 133 907**
Derivatives	0	219 507	36 181	**255 688**
Amounts due to customers	53 697	0	1 503 127	**1 556 824**
Subordinated liabilities	0	903 162	0	**903 162**
Other liabilities	11 820	2 759	24 837	**39 416**
Total liabilities	**65 517**	**9 354 882**	**4 468 598**	**13 888 997**

Off-balance sheet items	**Subsidiaries**	**Parent company - KBC Bank NV**	**KBC Group (without KBC Bank NV)**	**Total as at 30.06.2010**
Granted financing liabilities	147 053	0	242 150	**389 203**
Guarantees granted	400	437 507	35 999	**473 906**
Received financing liabilities	20 000	568	0	**20 568**
Guarantees received	0	924 698	169 939	**1 094 637**
Derivatives	0	14 893 509	4 915 854	**19 809 363**
Securities received	84 022	0	0	**84 022**
Total off-balance sheet items	**251 475**	**16 256 282**	**5 363 942**	**21 871 699**

Income	**Subsidiaries**	**Parent company - KBC Bank NV**	**KBC Group (without KBC Bank NV)**	**Total for the first half of 2010**
Interest income	3 289	8 293	252	**11 834**
Commission income	0	152	26 823	**26 975**
Net trading income	440	-94 757	6 525	**-87 792**
Other operating income	568	33	3 445	**4 046**
Total income	**4 297**	**-86 279**	**37 045**	**-44 937**

Expenses	Subsidiaries	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total for the first half of 2010
Interest expense	1 796	32 583	13 634	**48 013**
Fee and commission expense	0	88	-9 927	**-9 839**
General and administrative expenses	6 991	2 239	16 010	**25 240**
Total expenses	**8 787**	**34 910**	**19 717**	**63 414**

31.12.2009

Assets	Subsidiaries	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total as at 31.12.2009
Loans and advances to banks	0	28 048	4 638	**32 686**
Derivatives	0	72 180	18 412	**90 592**
Loans and advances to customers	417 333	0	337 880	**755 213**
Other assets	3 429	2	8 914	**12 345**
Total assets	**420 762**	**100 230**	**369 844**	**890 836**

Liabilities	Subsidiaries	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total as at 31.12.2009
Amounts due to banks	0	7 280 172	3 436 903	**10 717 075**
Derivatives	0	126 884	15 552	**142 436**
Amounts due to customers	52 532	0	1 682 654	**1 735 186**
Subordinated liabilities	0	805 816	0	**805 816**
Other liabilities	14 270	1 418	11 996	**27 684**
Total liabilities	**66 802**	**8 214 290**	**5 147 105**	**13 428 197**

Off-balance sheet items	Subsidiaries	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total as at 31.12.2009
Granted financing liabilities	86 345	0	181 150	**267 495**
Guarantees granted	400	315 538	174 015	**489 953**
Received financing liabilities	43 000	1 042 486	0	**1 085 486**
Guarantees received	0	855 477	173 605	**1 029 082**
Derivatives	0	12 403 258	1 788 987	**14 192 245**
Securities received	84 022	0	0	**84 022**
Total off-balance sheet items	**213 767**	**14 616 759**	**2 317 757**	**17 148 283**

Income	Subsidiaries	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total for 2009
Interest income*	10 435	32 564	10 922	**53 921**
Commission income	14	253	36 439	**36 706**
Net trading income	43	-159 725	4 797	**-154 885**
Other operating income	1 149	2 937	5 690	**9 776**
Net gains from the sale of the shares of Żagiel	0	350 000	0	**350 000**
Total income	**11 641**	**226 029**	**57 848**	**295 518**

*commissions settled according to EIR

Expenses	Subsidiaries	Parent company - KBC Bank NV	KBC Group (without KBC Bank NV)	Total for 2009
Interest expense	9 548	97 894	168 456	**275 898**
Fee and commission expense	0	405	-20 271	**-19 866**
General and administrative expenses	16 980	4 362	24 082	**45 424**
Total expenses	**26 528**	**102 661**	**172 267**	**301 456**

<u>30.06.2009 (comparable data)</u> ***non-audited***

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

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

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

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

*commissions settled according to EIR

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

11. Capital adequacy ratio

The capital adequacy ratio was calculated as required by the regulations of the Polish Financial Supervision Authority in force, respectively, as at 30.06.2010, 31.12.2009 and 30.06.2009.

	30.06.2010 *non-audited*	Comparable data **31.12.2009**	Comparable data **30.06.2009** *non-audited*
Capital requirement, including:	**2 298 207**	**2 197 309**	**2 390 163**
- credit risk	2 032 659	1 965 081	2 176 922
- market risk	58 662	26 532	39 797
- operational risk	206 886	205 696	173 444
Own funds and short-term capital	**3 548 738**	**3 332 313**	**3 305 442**
Basic capitals	**2 579 623**	**2 455 853**	**2 380 844**
- share capital	1 358 294	1 358 294	1 358 294
- supplementary capital	887 347	782 046	782 046
- revaluation reserve included in basic equity	-15 297	-34 555	-41 439
- other reserves	400 942	340 942	340 942
- retained loss	0	0	0
- net profit included in the calculation of capital adequacy ratio	0	67 748	0
- goodwill	0	0	0
- intangible assets	-47 860	-53 552	-53 930
- shares in financial entities (50%)	-3 803	-5 070	-5 070
Supplementary funds	**969 115**	**876 460**	**924 598**
- revaluation reserve included in supplementary equity	33 548	18 526	10 099
- subordinated liabilities included in equity	905 642	808 017	851 821
- shares in financial entities (50%)	-3 803	-5 070	-5 070
- short-term capital	33 728	54 987	67 748
Capital adequacy ratio (%)	**12.35**	**12.13**	**11.06**
Ratio, including basic funds (%)	**8.98**	**8.94**	**7.97**

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

1) Amounts accounting for 8% of risk weighted exposures separately for each class of exposure defined in § 20 clause 1 of Annex No. 4 to Resolution No. 76/2010 of the Polish Financial Supervision Authority concerning the scope and detailed rules of determining capital requirements for particular types of risks.

in PLN '000'	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
The amount of the capital requirement for credit risk*, including counterparty credit risk:	**2 032 659**	**1 965 081**	**2 176 922**
- central governments and central banks	0	0	0
- regional governments and local authorities	3 483	3 603	4 267
- administrative bodies and non-commercial undertakings	7 998	9 523	8 989
- multilateral development banks	0	0	0
- international organisations	0	0	0
- institutions – banks	79 487	78 971	95 629
- enterprises	434 771	453 081	627 264
- retail	748 834	686 969	761 546
- secured by real estate property	679 150	657 065	603 221
- past due items	33 185	27 331	31 802
- exposures belonging to regulatory high-risk categories	5 047	5 516	221
- covered bonds	0	0	0
- securitisation positions	0	0	0
- short-term exposures to banks and corporates	0	0	0
- in collective investment undertakings	0	0	0
- other exposures	40 704	43 022	43 983

* estimated on the basis of the Standardized Approach

2) The amounts of minimum capital requirements referred to in § 6 clause 1 items 2-5 of the Resolution of the Polish Financial Supervision Authority No. 76/2010 concerning the capital adequacy of banks.

	30.06.2010 *non-audited*	Comparable data 31.12.2009	Comparable data 30.06.2009 *non-audited*
The amount of the capital requirement for credit risk, including:	**58 662**	**26 532**	**39 797**
- currency risk	0	0	0
- commodity price risk	0	0	0
- equity securities price risk	0	0	0
- price risk of debt instruments	0	0	0
- general interest rate risk	58 662	26 532	39 797

3) The amount of minimum capital requirements referred to in § 6 clause 1 item 6 of the Resolution of the Polish Financial Supervision Authority No. 76/2010 concerning the capital adequacy of banks.

	Year	
Result*	2007	1 291 673
Result*	2008	1 453 068
Result*	2009	1 488 477
Capital Charge	2007	189 835
Capital Charge	2008	213 555
Capital Charge	2009	217 268
Operational risk requirement**		**206 886**

* calculated according to Annex No. 14 to Resolution No. 76/2010 of the Polish Financial Supervision Authority of 10.03.2010
** estimated on the basis of the Standardized Approach

As at 30.06.2010, 31.12.2009 and 30.06.2009, the exposure concentration limit, the large exposure limit and the capital concentration threshold were not exceeded in Kredyt Bank S.A.

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

12. Dividend income

In the first half of 2010, the Bank received PLN 5,145 thousand of dividends from subsidiaries consolidated with the full method and PLN 1,692 thousand from other entities.

In 2009, the Bank received PLN 119,163 thousand of dividends from subsidiaries consolidated with the full method and PLN 1,629 thousand from other entities.

In the first half of 2009, the Bank received PLN 119,163 thousand of dividends from subsidiaries consolidated with the full method and PLN 1,596 thousand from other entities.

13. Seasonality or cyclical nature of operations

The Bank's operations are not of seasonal nature.

14. Dividends paid and declared

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

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

15. Post-balance sheet events

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

16. Other additional information

Other additional information material for the proper assessment of the assets, the financial situation and the financial result of the Bank has been stated in Part I of the report.

These interim condensed financial statements of the Bank were approved by the Management Board of Kredyt Bank S.A. on 05.08.2010.

Signatures of all Management Board Members

date	05.08.2010	Maciej Bardan	President of the Management Board	....
date	05.08.2010	Umberto Arts	Vice President of the Management Board	....
date	05.08.2010	Krzysztof Kokot	Vice President of the Management Board	....
date	05.08.2010	Zbigniew Kudaś	Vice President of the Management Board	....
date	05.08.2010	Gert Rammeloo	Vice President of the Management Board	....

Signature of a person responsible for keeping the accounting books

date	05.08.2010	Grzegorz Kędzior	Director of Accounting and External Reporting Department	....

The Management Board's Report on the Operations of Kredyt Bank S.A. Capital Group for the First Half of 2010 Ended on 30.06.2010

1. Factors affecting the results of Kredyt Bank S.A. Capital Group in the first half of 2010

In the first half of 2010, Kredyt Bank S.A. Group generated PLN 73,312 thousand of net profit (PLN 4,053 thousand in the corresponding period of the previous year). The result allowed for the generation of ROE at the level of 3.9%.

Selected financial ratios and figures *	30.06.2010	30.06.2009
Net loans and advances to customers	26 967 449	27 885 235
Amounts due to customers	25 651 880	22 370 493
Net operating income	788 223	793 155
Operating profit	336 308	274 610
Profit before tax	98 551	1 976
Net profit	73 312	4 053
ROE	3,9%	7,8%
ROA	0,2%	0,5%
CIR	57,3%	65,4%
Capital adequacy ratio	12,1%	10,8%
Loans and advances with evidence for impairment/total gross loans and advances	9,4%	5,7%

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

Lower general and administrative expenses amounting to PLN 451,915 thousand (a decrease by 12.8%, i.e. PLN 66,630 thousand as compared to the first half of 2009) was the most important factor resulting in the higher financial result. The decrease in the Group's general expenses resulted, among other things, from the sale and deconsolidation of Żagiel; the strict control of costs in all areas of the Bank's operation; and the reduction in the employment in the Group.

Other crucial factors that affected the financial result in the first half of 2010 are as follows:

- charging the results for the first half of 2010 with a lower amount of net impairment losses on financial assets, other assets and provisions as compared to the first half of 2009, i.e. PLN 238,972 thousand vs. PLN 273,331 thousand;
- net interest income higher by 6.0% than in the first half of 2009 resulting mainly from the growth in net interest income on debt securities and the decrease in expenses due to the smaller scale of financing with repurchase transactions;
- net fee and commission income higher by 7.4% than in the first half of 2009, mainly due to the increase in income from the sale and management of combined investment and insurance products by PLN 10,743 thousand;
- net gains from trading and investment activities lower by PLN 29,667 thousand (i.e. -32.5% as compared to the first half of 2009) and net gains from other operating income and operating expenses lower by PLN 16,938 thousand (i.e. -42.5% as compared to the first half of 2009);
- an increase in the total value of amounts due to customers as compared to the end of the first half of 2009 by 14.7%, i.e. by PLN 3,281,387 thousand.

The most important events and factors for the Group's operations in the first half of 2010 are as follows:

- persisting high cost of risk in the retail segment which affects net impairment losses on financial assets, other assets and provisions;
- high volatility of PLN exchange rate which affects the level of risk-weighted assets and the capital adequacy ratio;

- a decrease in interest rates on the money market in the second quarter of 2010 which adversely affects net interest income;
- an increase in the sale of investment and insurance products associated with the improvement of the climate around the stock exchange and the moderate optimism concerning the economic situation;
- an increase in the sale of mortgages in the second quarter of 2010 associated with the improvement of the loans offer of banks resulting from increased competition;
- the continuation of the costs optimisation programme, including the costs of the network of outlets, and the maintenance of the cost discipline.

2. Business conditions in Poland and in the banking sector in the first half of 2010

The overall situation in the first half of 2010 and prospects for the economy in the whole 2010

The end of 2009 and the beginning of 2010 brought about an improvement of sentiments and of macroeconomic forecasts. Nevertheless, the first half of 2010 was characterized by volatile macroeconomic figures and the uncertainty concerning the stability of the budgets of certain European countries. Despite the arrangements between the EU and the IMF concerning a bailout for Greece, there still remain serious doubts regarding the potential deterioration in the financial situation of the euro area and prospects for the economic growth. It was reflected in the depreciation of the euro and the uncertainty on the currency market which translated into depreciation and volatility of the exchange rate of the Polish zloty. Savings and budget cuts programmes announced by certain European countries may become a sort of a curb for the future growth rate. The potential slower recovery in the euro area may hinder Polish export and, as a result, the whole economy.

As in 2009, Poland's economic situation was good at the background of European countries. According to the preliminary estimates of the Polish Central Statistical Office, in the first quarter of 2010, the seasonally adjusted GDP (constant prices, reference year 2000) increased in real terms by 0.5% as compared to the previous quarter and was higher than the year before by 2.8%. Non-seasonally adjusted GDP (constant average prices of the previous year) increased in real terms by 3.0% as compared to the corresponding period in the previous year. In the first quarter of 2010, internal demand was the main driver of the GDP growth. Its impact upon the economic growth rate was at the level of 2.3 p.p. The impact of total consumption amounted to 2.0 p.p. and of the accumulation to 0.3 p.p. (against the adverse impact of investment demand of -1.8 p.p. and the positive impact of the net increase/decrease in inventory of 2.1 p.p.). The positive impact of the foreign demand (net exports) still persists, although its scale is noticeably smaller than in previous quarters (by 0.7 p.p.).

It seems that entrepreneurs cautiously assess the prospects of a significant improvement of the economic situation and are not willing to invest in the growth of production capacities.

In the second quarter of 2010, the strengthening of the favourable business conditions in the industry and in a certain portion of the services sector was noticeable. Also, the growth rate for retail sales was improving month by month; however, the growth rate in the whole period of six months remained relatively low. In June 2010, the growth rate for retail sales was at the level of 6.4%. An increase in the sales growth rate in the category of 'automobiles, motorcycles and parts' was an optimistic factor. According to the data, at the end of June, it was close to 10%. The growth rate for the sale of furniture and of consumer electronics and household appliances remaining at a very high nearly 20-percent level was another optimistic driver.
The industrial production sold in the first half of 2010 increased by 10.6% y/y. The increase in the production took place in all main categories; the highest was recorded for the production of durable consumer goods, i.e. by 27.1%, and intermediate goods – by 14.0%. Due to the lower employment as compared to the first half of the previous year, the work output in the industry was higher by 13.0% y/y.

The results of the building and assembly production in the first half of 2010 were lower than the year before by 6.1%, but in May and June they grew. The decrease was caused by harsh winter and a more limited investment activity observed in the first quarter of 2010.

The progress of the basic trends in the economy shows that, in the first half of 2010, the growth rate was not substantially different from the growth rate recorded in the first quarter of 2010 and the fourth quarter of the previous year. According to the present forecasts, the GDP growth will be at the level of 3% - 3.3% y/y in the second quarter, and the forecasts for 2010 are within the range of 2.5%-3.5%.

The implementation of the budgetary income from January until May 2010 amounted to 38.9%, and for expenditure to 42.8% of the one planned in the Act, and the budget deficit was at the level of PLN 32.1 billion. According to the preliminary estimates of the Polish Central Statistical Office for the period from January until April 2010, the trade account deficit amounted to EUR 3,356 million and was higher by EUR 249 million than in the previous year; exports increased by 15.4%, and imports by 14.7% (y/y). The deficit on the current account was higher by EUR 1,036 million than in the corresponding period of 2009 and amounted to EUR 1,582 million.

The registered unemployment rate, following an increase at the end of March to 12.9%, in May 2010 bounced back to 11.9% recorded at the end of 2009, and in June declined to 11.6%. Average employment in enterprises in the first half of 2010 was lower by 0.5% than the year before; however, a slight increase was recorded in the second quarter of 2010. In the first half of 2010, the growth rate for average monthly nominal gross wages and salaries in enterprises was lower than the year before (3.3% p.a. against 5.0%). The purchasing power of gross wages and salaries in the first half of 2010 increased by 0.6%, i.e. at the rate similar to the rate recorded in the second half of the previous year.

The annual inflation rate was declining gradually from 3.5% in December 2009, through 2.6% in March 2010 to 2.3% at the end of June 2010. The central projection path of the National Bank of Poland (‘NBP’) published on 30 June 2010 presumes that, assuming unchanged interest rates of the NBP, the inflation rate in 2010 will remain, with the probability of 50%, within the range of 2.3 – 2.9%. At its meeting on 29-30 June 2010, the Monetary Policy Council failed to introduce any changes of the interest rates. It means that in 2010 the lombard rate was at the level of 5%, the rediscount rate was at the level of 3.75%, the reference rate was at the level of 3.5%, the deposit rate was at the level of 2%, and the discount rate for bills of exchange accepted by the NBP from banks to be discounted (introduced on 1 January) was at the level of 4%.
Following the period of the appreciation of the Polish zloty from January to April, in May and June the Polish zloty depreciated abruptly against the euro and the Swiss franc and the exchange rate stabilized within the range of PLN 4.00 – 4.20 per one euro.

The banking sector in the first half of 2010 and the prospects for the whole 2010

While 2009 might have been perceived as a period of a slowdown in the banking sector, the first half of 2010, as compared to December 2009, was marked by stagnation. Only May and June 2010 brought about the first increases in volumes. In the case of receivables, two factors came into play. On the one hand, it was banks’ conservative lending policy with its source in high costs of risk recorded in 2009 and, on the other hand, a noticeable limitation of the investments in the event of enterprises and of savings in the public sector which resulted in a considerable decrease in the demand for loans.

Total receivables in the sector in the period from December 2009 to June 2010 rose by 5.0%. The downward trend persisted until April; it changed in May and June 2010. The situation in the sector of households was different, where the growth in receivables in the period was stable and amounted to 9.2%, and in the segment of enterprises and the central and local government sector, where the following declines were recorded, respectively: -1.0% and -0.9% (in both cases, the downward trend was reversed in May).
In the event of households, banks sold mainly consumer loans to regular customer, and mortgage loans. A revival on the market of mortgage loans was noticeable in the second quarter; it was caused by the improvement of pricing conditions and the expansion of banks’ offer. In the segment of

enterprises, the situation may not change substantially by the time of the next increase in capital expenditure.

Total liabilities in the sector in the period from December 2009 to June 2010 increased by 2.5%. Since December 2010, we have been observing gradual growth in the segment of households by 4.1% and by 1.6% in the segment of enterprises. In the central and local government sector, the volume dropped by 5.0% (due to the decline which took place in June).
A more perceptible change in the trend in the segment of enterprises will take place upon an increase in capital expenditure; in the case of households, the upward trends should persist throughout 2010. The business conditions on capital markets and the attractiveness of alternative methods of allocating money will affect them in the first place.

In terms of results, the first quarter of 2010 was successful for the banking sector. The banks improved their results both year-to-year and against the fourth quarter of 2009. It was possible mainly due to the decrease in the costs of the credit risk. As compared to the last quarter of 2009, net operating income did not change to a large extent. As compared to last year's figures, an increase in the significance of basic income, i.e. net interest income and net fee and commission income, is characteristic.
As a result of savings programmes implemented in 2009, the level of costs is relatively low and it does not seem that it will grow significantly later in 2010 without an earlier noticeable growth in income lines.
In the whole 2010, the operating profit before provisions in the banking sector is expected to be similar to the figure recorded in the previous year and net profit may improve as a result of lower write-downs for credit risk.

The most important factors that may adversely affect the results of banks in 2010 are as follows: the impact of the economic situation in the euro area upon the GDP growth rate in Poland; the volatility of exchange rates; and the situation on capital markets. The factors may adversely affect the costs of risk, net trading income, general expenses and net fee and commission income.
The factors which may positively affect the results of the sector include the faster growth of the GDP and the swifter improvement of business conditions leading to an increase in the demand for loans in the segment of enterprises; the faster improvement of the quality of loans portfolios; and the improvement of business conditions on capital markets.

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

The accomplishment of satisfying financial results, an increase in the number of serviced customers and in the share in selected areas of the banking services market in Poland, assuming the reduction of the risk of the business operations are the main strategic objectives of the Group. Kredyt Bank S.A. Group prefers the business model which involves the organic development. The following areas are key for the implementation of the strategy of Kredyt Bank S.A. Capital Group in 2010: credit risk, operating effectiveness and the profitability of customer relations and liquidity management and capital position.

The Group's strategic goals:

In the retail segment:

- limiting credit risk;
- an increase in return on capital;
- focusing on mass customers and affluent customers;
- the cross-sale of banking and insurance products addressed at the present customers of Kredyt Bank S.A. Group and WARTA Group.

In the Enterprises Banking:

- limiting credit risk;

- an increase in return on capital;
- focusing on services to smaller and medium-sized companies, including customers of other KBC Group's members operating in Poland;
- the development of the offer and cooperation with SMEs' customers.

Methods of the goals accomplishment:

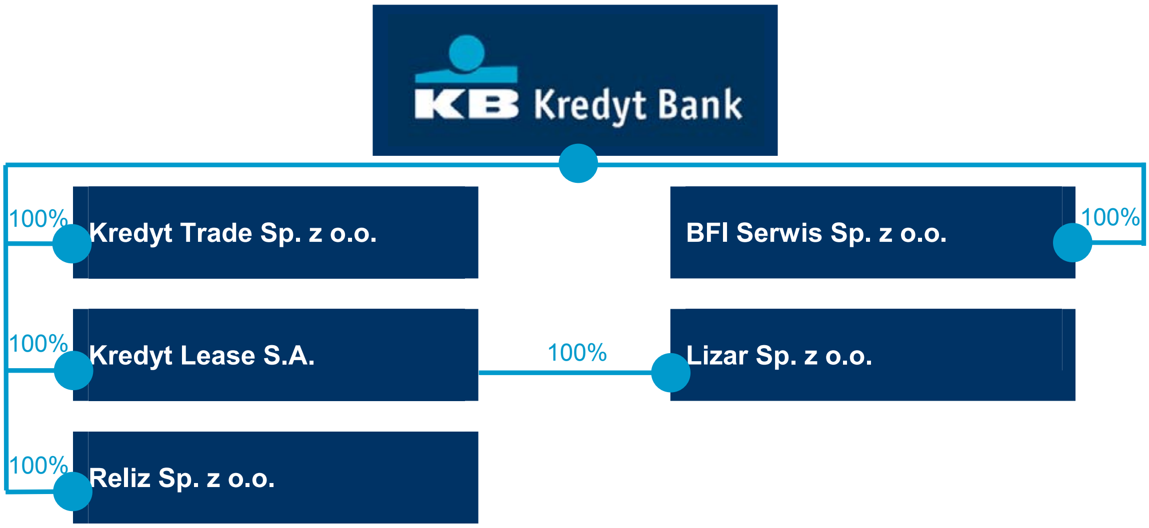
- limiting credit risk through prudent credit policy, focusing on the cooperation with reliable, tested customers and close monitoring of the customers' standing;
- taking advantage of the implemented cost management model to optimally align the level of costs to the existing potential for generating income. Decreasing the level of fixed costs, increasing the share of variable costs, decreasing the cost/income ratio below 60%;
- taking advantage of revolving long–term financing made available by the Bank's major shareholder – KBC Group;
- an increase in the share in the market of deposits of individual customers. Continuing the growth of the deposits base to ensure the acquisition of customers;
- an increase in the share in the market of the sale of investment funds. The conversion of obtained deposit funds into the investment offer;
- regaining the position on the mortgages market; an increase in the share in this market to the level recorded at the end of 2008. Restoring loans in foreign currencies in the offer. The implementation of the new bancassurance offer in the form of an optional life insurance and unemployment insurance;
- cash loans - focusing on customers with lower credit risk: the Bank's present customers;
- in the corporate segment, focusing on the diversification of the loans portfolio – an increase in the number of customers faster than the growth in the value of the portfolio. The reduction of the financing of large transactions related to the financing of real property and syndicated loans; the expansion of the cooperation with the present customers;
- an increase in the share of commission income in total income from business operations of the corporate segment (including income from foreign exchange, trade finance and from transactional banking);
- sourcing new customers and an increase in income from the SME segment (including the growth in commission income from transactional banking and foreign exchange);
- improving the effectiveness of the major customer service processes, increasing the effectiveness of the existing network, high quality of services and customer satisfaction;
- implementing a comprehensive staff management system; from recruitment, through development and appraisal, to the aspects of the incentive system and payroll structure;
- close cooperation with entities of KBC Group in Poland to provide the customers with complete, professional and modern offer of financial services with limited costs of its development; Particularly, further implementation of the bancassurance model in cooperation with WARTA Group on the basis of the major shareholder's experience;

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

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

Kredyt Bank S.A. Capital Group is composed of legally separated business entities, whose operations are closely coordinated. The capital relations linking the Group, defining the nature of the relationship, are strengthened by business relations, contracts, a joint product offer, controlling functions performed by the Bank over the operating and financial policies as well as a transfer of management staff and also know-how.

The Group's companies and ownership structure as at 30.06.2010 was as follows:



As of 30.06.2010, 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.
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.

Investment plans, including equity investments

One of the basic objectives of the Group's strategy is to increase its share in the financial services market. It may be accomplished through equity investments in entities from the financial sector. In each such potential case, undertaken measures are lawful and analysed in terms of economic and organizational conditions. According to the Group's development strategy which provides for the incorporation of a universal banking and insurance group, the Bank will focus on operations other than investment banking.
As at 30.06.2010, equity investments made outside the Group were mainly investments in interests of such companies as KIR S.A., BIK S.A., GPW w Warszawie S.A., SWIFT and of the companies acquired as a result of debt recovery and restructuring processes. As at 30.06.2010, their share in the Group's balance sheet was immaterial.

Related party transactions

Apart from the transactions described in section 4.4 'Events and contracts material for the Group's operations in the first half of 2010', in the said period, no significant non-standard transactions had place with related parties whose nature and terms were not related to current operations. Transactions volumes and related income and expenses are presented in Note 36 to the condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2010.

4.2. Shareholding structure of the Group's parent company

As at 30.06.2010, the Bank's share capital totalled PLN 1,358,294,400 and was divided into 271,658,880 shares with the nominal value of PLN 5.00 each. The Bank's shares are registered shares and bearer shares; they are not preference shares and each share entitles its holder to one vote at the Bank's General Meeting of Shareholders. All the Bank's shares are admitted to public trading on the regulated market. In comparison to share capital as at 30.06.2009, the Bank's share capital did not change.
The table below presents Shareholders of Kredyt Bank S.A. holding over 5% of total votes at the General Meeting of Shareholders of Kredyt Bank S.A. as at 30.06.2010.

Shareholder	Line of business	Number of shares and votes at the Bank's GMS	Share in votes and in share capital (in %)
KBC Bank NV – an entity from KBC Group*	Banking	217 327 103	80.00
KBC Securities* – an entity from KBC Bank NV Group**	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 NV 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 notification mentioned above, 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, a notification was received concerning the transaction made between entities in KBC Group. KBC Insurance purchased 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.

The quotations of shares of Kredyt Bank S.A. at Warsaw Stock Exchange in the first half of 2010

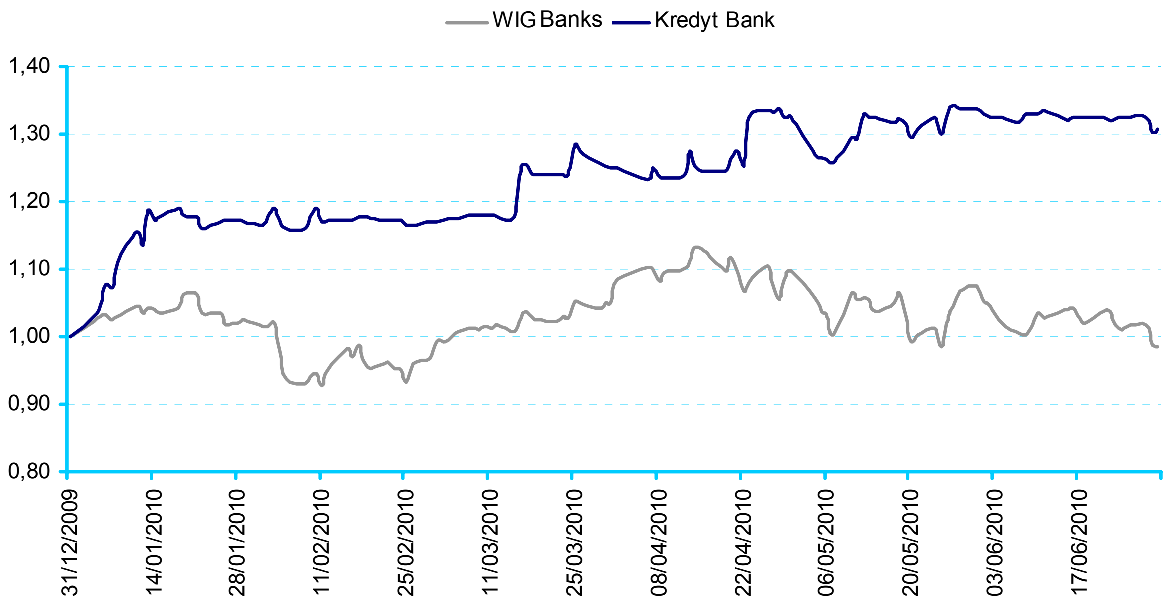
In the first two weeks of January, the price of the shares of Kredyt Bank S.A. was rising swiftly; as a result, on 18 January 2010, the Bank's share price was at the level of PLN 14.10 (an increase by 19% from the beginning of the year).
Subsequently, by mid-March 2010, the price of the Bank's share remained in the sideways trend. Another upward trend had place in the middle of March; as a result, the price of the Bank's share reached local peaks on 25 March 2010 and 28 April 2010 amounting to, respectively, PLN 15.24 and PLN 15.85. Following a temporary drop in the share price at the beginning of May to PLN 14.89, until the end of the period of six months analysed here, the price of the Bank's share remained in the sideways trend, oscillating at ca. PLN 15.50 per share.
The market value of the Bank at the closing price at the last stock exchange session in the first half of 2010 (30 June) amounted to PLN 4,211 million, and the P/BV was at the level of 1.53. For comparison purposes, at the last session in June 2009, the Bank's shares were valued at the total of PLN 1,752 million at P/BV of 0.7. The market value of KB S.A. increased then by ca. 140% p.a. For comparison purposes, WIG index was close to 29.5% above the quotations from the end of the first half of 2009, and WIG Banks index gained in this period a bit over 55%.

	30.06.2010	30.06.2009	change (%)
KB S.A. share price (PLN)	15,50	6,45	+140,3%
WIG	39 392	30 419	+29,5%
WIG Banks	5 787	3 717	+55,7%

Earnings per share* in PLN	0,27	0,015	+1700%
Book value per share* in PLN	10,04	9,36	+7,3%

* computed on the basis of consolidated figures

The volatility of the share prices of Kredyt Bank S.A. against WIG Banks index in the first half of 2010



4.3. The authorities of the Group's parent company

The Bank's Management Board manages the Bank's affairs and represents it vis-à-vis third parties. The Management Board's President is appointed and dismissed by the Supervisory Board. The Management Board's Vice Presidents and Members are appointed and dismissed by the Supervisory Board upon the request or with the consent of the Management Board's President, having regard for the requirements stipulated in the Banking Law.
On 4 March 2010, the Bank's Management Board was notified of the resignation, submitted to the Chairman of the Bank's Supervisory Board, by Ms. Lidia Jabłonowska-Luba from the position of the Vice President of the Management Board of Kredyt Bank S.A. and the membership in the Management Board of Kredyt Bank S.A., as from 14 March 2010.
The Supervisory Board of Kredyt Bank S.A., at its meeting held on 26 April 2010, appointed Mr. Zbigniew Kudaś as a Member and Vice President of the Management Board, who, as the Chief Operating Officer, will be liable, among other things, for the supervision, management and coordination of activities in the areas of product development, banking transactions and the IT function.

As at 30.06.2010, the Management Board of Kredyt Bank S.A. was composed of:

Name	Position
Pan Maciej Bardan	President of the Management Board
Pan Umberto Arts	Vice President of the Management Board
Pan Zbigniew Kudaś	Vice President of the Management Board
Pan Krzysztof Kokot	Vice President of the Management Board
Pan Gert Rammeloo	Vice President of the Management Board

The Supervisory Board supervises the Bank's operation in all areas of its business on an ongoing basis. The particular duties of the Supervisory Board include the examination of all requests and matters which must be approved by virtue of a resolution of the General Meeting of Shareholders; selection, upon the request of the Management Board, of an independent auditor; supervising the implementation of the internal audit system; determining the policy of borrowing and extending loans; and approving Bank's long-term development plans and annual financial plans. The Supervisory Board is elected by the General Meeting of Shareholders.

On 22 February 2010, the Bank's Management Board was notified of the resignation, submitted to the Chairman of the Supervisory Board of Kredyt Bank S.A., by Mr. Francois Gillet from the membership in the Supervisory Board, as from 23 February 2010.

On 23 March 2010, the Bank's Management Board was notified of the resignation, submitted to the Chairman of the Supervisory Board of Kredyt Bank S.A., by Mr. Marek Michałowski from the membership in the Supervisory Board, as from 23 March 2010.

On 26 May 2010, the Ordinary General Meeting of Shareholders of Kredyt Bank S.A. adopted Resolution No. 26/2010 concerning the election of the Supervisory Board of Kredyt Bank S.A. composed of the following members: Ronny Delchambre, Stefan Kawalec, Dirk Mampaey, Adam Noga, Jarosław Parkot, Marko Voljc, Andrzej Witkowski. As a result, as at 30.06.2010, the Supervisory Board of Kredyt Bank S.A. was composed of:

Name	Position
Andrzej Witkowski	Chairman of the Supervisory Board
Adam Noga	Vice Chairman of the Supervisory Board
Marko Voljc	Member of the Supervisory Board
Ronny Delchambre	Member of the Supervisory Board
Dirk Mampaey	Member of the Supervisory Board
Stefan Kawalec	Member of the Supervisory Board
Jarosław Parkot	Member of the Supervisory Board

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

As at the publication date of this report, i.e. 05.08.2010, the Members of the Bank's Management Board and of the Bank's Supervisory Board did not hold any Bank's shares, or shares or interests in the Bank's subsidiaries and associates.
As compared to the situation as at the publication date of the semi-annual consolidated financial statements for the first half of 2009, the number of the Bank's shares held by Members of the Bank's Management Board did not change.

4.4. Events and contracts material for the Group's operations in the first half of 2010

The following events were material for the Group's operations in the first half of 2010:

- On 30 March 2010, the Bank's Management Board approved of the proposed distribution of net profit for 2009 and recommended that it should be examined by the Supervisory Board of Kredyt Bank S.A. The above proposal did not foresee the payment of dividend.
- On 26 April 2010, the Supervisory Board of Kredyt Bank S.A., appointed the certified auditor, Ernst & Young Audit Sp. z o.o., with its registered office in Warsaw, ul. Rondo ONZ 1, registry

No. 130, to perform an independent review and audit of financial statements of Kredyt Bank S.A. and of consolidated financial statements of Kredyt Bank S.A. Capital Group as of 30 June 2010 and 31 December 2010.

Kredyt Bank S.A. employed Ernst & Young Audit sp. z o.o. to audit financial statements for 2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009. The change of the partner supervising the audits of financial statements took place in 2005.

- On 26 May 2010, the Ordinary General Meeting of Shareholders of Kredyt Bank S.A. adopted, among other things, the resolution concerning the distribution of profit for 2009, providing for its allocation to the write-down for general risk reserve (PLN 60,000,000) and to the Bank's supplementary capital (PLN 105,300,923).

Contracts entered into by the Issuer with an entity authorized to audit financial statements

On 14 June 2010, the Bank entered into an agreement with the entity authorized to audit financial statements, Ernst&Young Audit Sp. z o.o. in Warsaw, concerning the review of the semi-annual standalone and consolidated financial statements of the Bank and of the Group along with the semi-annual reporting package for the first half of 2010, and the audit of the standalone and consolidated financial statements of the Bank and of the Group along with the annual reporting package for 2010, as well as the procedures regarding correct calculations of capital requirements related to credit risk and operational risk as at 31 December 2010. The net remuneration under this agreement amounted to, respectively: PLN 750 thousand, PLN 962 thousand and PLN 36 thousand (in 2009: PLN 725 thousand, PLN 930 thousand and PLN 35 thousand, the agreement as of 15.05.2009 with a further annex).

In addition, on 16 February 2010, the Bank entered into an agreement with the entity authorized to audit financial statements to carry out agreed procedures as regards the reports concerning the assessment of the area of internal audit and risk management by the Company ('Self assessment report'; net contract value: PLN 30 thousand; in 2009, also PLN 30 thousand; the agreement of 12 March 2009).

Major post-balance sheet events

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

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

5.1. Retail banking

The Retail Segment in Kredyt Bank S.A. Group is defined as the group of individual customers as well as micro- and small companies whose annual sales revenue does not exceed PLN 1 million.

The network of own outlets is the core distribution channel through which Kredyt Bank reaches retail customers with its offer. At the end of the first half of 2010, the Bank operated a network of 384 units, including 100 branches, 276 affiliates, 6 banking points and 2 agencies. Financial brokers were the distribution channel supporting the sale of mortgages. At the end of June, the Bank cooperated with 9 major Polish financial intermediaries, offering its services throughout Poland, and 327 local intermediaries. The Bank also cooperated with the network of 155 agents of TUiR Warta S.A. Electronic banking system – KB24, and Call Center supplement the traditional distribution channel. Owing to them, our customers have access to products and services 24 hours a day, 7 days a week.

As at the end of the first half of 2010, Kredyt Bank S.A. (except for the customers sourced via Żagiel S.A.) provided services to 1,091 thousand individual customers and micro- and small enterprises, which means an increase by 49.8 thousand as compared to the end of the first half of 2009 (the figures according to the new segmentation introduced at the beginning of 2010).

In PLN ths.	30.06.2010	31.12.2009	30.06.2009
Individual customers	1 050	1 020	998
Micro- and small enterprises	41	41	43
Total customers	**1 091**	**1 061**	**1 041**

At the end of the first half of 2010, the number of KB24 users amounted to 377 thousand as compared to 352 thousand at the end of the first half of 2009 (an increase by 25 thousand).

In PLN ths.	30.06.2010	31.12.2009	30.06.2009
Number of KB24 users	377	356	352
Number of transfers via KB24 in six months of the year	8 893	8 630	8 329

As mentioned above, within the Retail Segment, the Bank also provides services to micro- and small companies which are a crucial element of the strategy of Kredyt Bank. In the first half of 2010, works were launched on the change of the products offer and the simplification of internal procedures, particularly for the group of customers referred to as ‘free professionals’. In the second half of the year, the Bank also intends to introduce changes in the distribution network, i.e. establish the positions of sale advisors dedicated to this group of customers.

In the first half of 2010, the segment’s gross operating result (including micro- and small companies) amounted to PLN 469,512 thousand and was lower than the result generated in the first half of 2009 by PLN 43,002 thousand, i.e. 8.4%. The decrease in net interest income from lending activities associated, among other things, with the deconsolidation and the limitation of the sale of loan products via Żagiel S.A. in 2010, was the main reason behind the decrease in the said result.

Payments and cards

In the Payments and Cards area, the key products in 2010 include savings and settlement accounts, credit cards and credit limits. In the first half of 2010, the Bank implemented a number of solutions to improve the processes and the offer related to these products:

- The pre-approved formula for the credit limit for the Bank’s best customers was implemented in January. The solution made it possible to increase the number of credit limits by 14,693 as compared to the end of 2009.
- In May, the Bank introduced a new template frame agreement for bank accounts, including savings accounts, deposit accounts, electronic banking, payment cards (including credit cards) and credit limits. The new agreement makes it possible to sell these products on the basis of a single document, and also to shorten and simplify the account opening process, placing it in the market benchmark.
- The change of the template of the frame agreement was accompanied by the simplification and the shortening of the process of delivering the card and PIN to the debit card holder (for the credit card, the process was implemented on 5 July). The modern and customer-friendly ‘Smart PIN’ system was introduced. The PIN for the card is sent as an SMS to the customer’s mobile phone.
- To extend product life, the Bank expanded the retention programme in credit cards to cover mass customers.
- In June, the Bank amended the agreement with Warta concerning insurance linked to credit cards, which will allow for the reduction in insurance costs and the generation of additional income.

- In July, the Bank implemented a new method of calculating the creditworthiness of credit card customers, having regard for the full maintenance costs, which should result in the reduction in the credit risk.

Dedicated selling campaigns in the area of sourcing savings and settlement accounts (cross-selling campaigns with deposits, a sale contest) resulted in the increase in the number of accounts by 21,391 as compared to the end of 2009. In the second half of 2010, the Bank will continue works on the improvement of the offer of accounts and cards:

- The introduction in July 2010 of 'Smart PIN' system for the credit card was prepared.
- The assumptions for the new offer of personal accounts in the form of packages (offering a few products and services within the same price) were prepared; the introduction is scheduled for September 2010.
- Works were commenced on the offer of a new credit card linked to the loyalty programme.

ROR (current accounts)	30.06.2010	31.12.2009	30.06.2009
No. of ROR accounts (in '000')	633	612	596
Carrying amount (in PLN '000')	11 934 892	10 109 149	8 217 254

Credit cards (in ths.)	30.06.2010	31.12.2009	30.06.2009
Credit cards (an aggregate for KB and Żagiel)	216	228	253

Since the beginning of 2010, the Bank has been presenting only the cards actually used by the customers. The figures for the previous reporting periods presented above have been properly reinstated.

Savings and Investments

The Savings Account in PLN is the key product in this area.
On 21 February 2010, Kredyt Bank launched the campaign of two deposit products: 'Blue Cap' and 'Lokata Progres' for 6 months. Since the beginning of March, the acquisition was supported by a campaign in the mass media such as television and the Internet.
Simultaneously, the Bank promoted 'Lokata Swobodna' Savings Accounts linked to a ROR account.

Saving accounts	Stan na 30.06.2010	Stan na 31.12.2009	Stan na 30.06.2009
No. of savings accounts (in '000')	577	496	423
Carrying amount (in PLN '000')	9 421 182	7 626 000	5 737 141

The offer of term deposits supporting the sale of investment products was expanded with the so called 'silver' term deposit for 3 months (the minimum deposit of PLN 1,000) available to the customers from the segments of mass customers and average income customers who so far have had no access to 'Porozmawiajmy' term deposit (the minimum deposit of PLN 20 thousand).
In June, the Bank also added 'eConstans' term deposits to its offer. The interest on the deposit is accrued on a daily basis. The term deposits are dedicated to KB24 users and Private Banking customers. By the end of June, the Bank also introduced 5 structured deposits. The funds collected in such accounts totalled PLN 285 million.

In the first half of 2010, in subscription periods, the Bank offered the following investment products:

- KBC TFI Closed-end Investment Funds (5 subscriptions), in which, by the end of June, the customers deposited nearly PLN 235 million. Three 'Jumper'-type (auto-call) funds generated the highest sales: KBC BRIC Jumper, KBC Poland Jumper 2 and KBC Kupon Jumper 1.
- Capital guaranteed foreign funds within the Direct Distribution model (Global Partners), which, apart from attractive rates of return, offer tax optimization to investors. All in all, the Bank offered two 'Fix Upside Coupon'-type products which covered PLN 120.3 million and one innovative 'Himalaya'-type product based on the packet of six indices.
- Investment Programmes of TUnŻ Warta, which, apart from attractive investment opportunities, provide an additional insurance cover to customers, collected almost PLN 50 million in 4 subscriptions.

The Open-end Investment Funds still on offer continue to be dominated by the sale of money market funds.

The high sales of Profit Plan, supported by a campaign in the mass media (the press, the Internet) and with subsequent editions of the sale contest for advisors. In the first half of 2010, the Bank collected the total amount of PLN 208.7 million, which means that the plan has been accomplished in 348%. By the end of the year, the product will be key for the implementation of the volume plan with TunŻ Warta.

Investment funds	30.06.2010	31.12.2009	30.06.2009
Net assets of funds (excluding non-registered funds) sold via the Bank's distribution network (in thousands)	3 630 079	3 390 735	2 858 172
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.	73,0%	75,1%	73,8%

In the second half of 2010, the Bank intends to make the investment and savings offer more attractive through the introduction of subsequent:

- capital guaranteed FIZ and ULP funds;
- structured deposits;
- investment funds dedicated to affluent and private banking customers.

Mortgages

Following the period of a slowdown in the previous year, in the first half of 2010, the lending activities were growing rapidly. The sales growth rate in this period, as compared to the corresponding period in 2009, amounted to 186%. In the middle of the year, the Bank was ranked in the market's top list in terms of the sales volume.

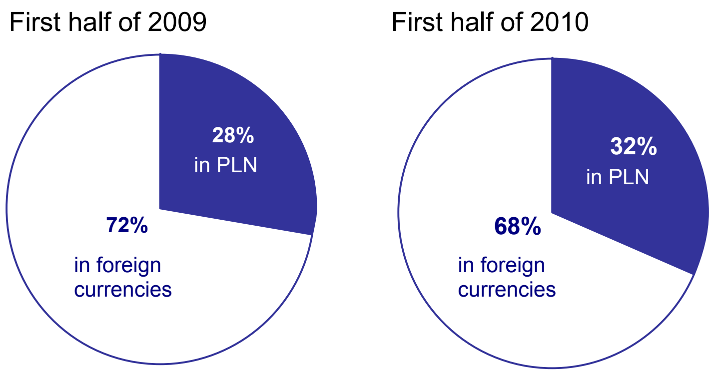
The accomplishment of such a result is an effect of the activities aiming at the maintenance of the high quality of the lending service and of the constructive product offer, enhanced by the new attractive offer of life insurance and unemployment insurance introduced in April.

The marketing campaign carried out from April to June and the cooperation with lending intermediaries, including the renewed cooperation with nationwide brokers, supported the sale.

We put a lot of emphasis on the sourcing of new customers and the cross-selling of other products. In June, we introduced new principles of decreasing the loan margin associated with the use of additional products offered by the Bank.

Mortgages (in PLN ths.)	30.06.2010	31.12.2009	30.06.2009
Gross value of the portfolio at the end of the period	15 457 445	13 685 315	13 957 275
Number of loans granted in the period of six months (in ‘000’)	6,2	3,4	3,6
Value of loans extended in the period of six months*	1 276 239	634 807	685 062

* new loans



Instalment and cash loans, and credit cards

The products are an important element of the Bank’s offer addressed at individual customers. They are sold mainly through two distribution channels, i.e. the network of own outlets and via Żagiel S.A.

Instalment and cash loans as well as cards (in PLN ths.)	Stan na 30.06.2010	Stan na 31.12.2009	Stan na 30.06.2009
Gross value of the portfolio at the end of the period, including:	4 201 009	4 118 645	4 056 888
Loans extended via Żagiel*:			
Gross value of the portfolio at the end of the period	2 443 707	2 579 558	2 766 933
No. of loans extended in the period of six months (in ‘000’)	312	346	406
Value of loans extended in the period of six months**:	640 863	712 542	1 016 001

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

The sale of cash loans in the network of the Bank’s outlets was lower in the first half of 2010 than in the corresponding period of the previous year. It resulted mainly from the modification of the lending policy, which aimed at the reduction of the credit risk, particularly in the case of extending loans to new customers.
In both quarters, for two weeks, the Bank carried out two sale supporting promotional campaigns which involved the failure to collect the commission for the extension of a loan from customers who have a savings and settlement account or who will open such an account.

Cash loans are also sold via Żagiel S.A. This company plays a role of a lending intermediary on the market and also offers to customers two other products of KB S.A.: the instalment loan and the credit card.

Cash loans are sold in the distribution network composed of:

- Own ‘Kredyt Punkt’ outlets;
- Agency-based ‘Kredyt Punkt’ outlets;
- Multiagencies – they also offer products of other banks.

Instalment loans are distributed by agents and the regional proprietary structure, which manages relations with cooperating shops. The shops may be divided into: network shops, medium-sized and small shops, Internet shops and the direct sale network.

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

In the first half of 2010, as a result of the slower economic growth and the phenomenon of ‘remortgaged’ customers, the Bank continued the policy of mitigating credit risk. Such an approach resulted in a low level of the acceptance of submitted applications, particularly for the cash loan and the credit card, and in the improved quality of the portfolio of new loans.

In the area of cash loans and credit cards, i.e. products bearing a considerably higher risk, since the beginning of 2010, the Bank, gradually and carefully, increased the sale to the customers from the low-risk groups. The sales of such products remained at a low level and accounted for a few percent of the sales in the corresponding period in the previous year.

The average value of an instalment loan in the first half of 2010 amounted to PLN 2.0 thousand as compared to PLN 2.1 thousand in 2009. For the cash loan, the values were PLN 3.7 thousand and PLN 4.3 thousand respectively.

In the second half of 2010, the key areas of activities as regards the cooperation with Żagiel S.A. will be as follows:

- further improvement of the procedures of extending loans to reduce the risk of their non-payment, including the adjustment to the T-Recommendation;
- increased effectiveness of the organisation through the streamlining and adaptation of processes to the present market needs.

5.2. Enterprises Banking

At the beginning of 2010, Kredyt Bank implemented new principles concerning the segmentation of the enterprises which are the Bank’s customers. The new segmentation confirmed the earlier approach towards the SME segment as being an independent business line separated from the retail segment, and established the following division criteria:

a) SOHO Segment – customers with annual revenue of up to PLN 1 million; this business line is managed by the Retail Banking Department;
b) SME Segment – customers with annual revenue from PLN 1 million to PLN 25 million; a separate business line of SME customers managed within the Corporate Banking function;
c) Corporate Segment – customers with annual revenue of over PLN 25 million; an existing business line managed within the Corporate Banking function.

As a result of the adopted segmentation and of the approach to the management of the SME Customer line and the Corporate Customer line, the essential organisational alterations have been introduced. The Enterprises Banking Department has been established in the Corporate Banking Function. It manages both business lines (the SME Customer line and the Corporate Customer line) and comprises the product support service for both business lines (product manager teams in Warsaw) along with the transactional support and after-sales service (Business Service Centre in

Lublin). In addition, within the department, there is the sale management information team that provides required MIS data and manages the CRM system.

Net operating income of the segment in the first half of 2010 was higher as compared to the corresponding period in the previous year, i.e. PLN 79,115 thousand as compared to PLN 26,862 thousand. However, it resulted, to a large extent, from the decrease in the deduction of net impairment losses on financial assets, other assets and provisions from the result (they amounted to -PLN 50,754 thousand vs. –PLN 141,930 thousand of provisions created in the first half of 2009). The gross operating result of the Enterprises Segment was lower by 8.4% than the figure in the corresponding period in the previous year and amounted to PLN 212,828 thousand.

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SME Segment

The services to SME customers are provided by 10 SME Macroregions. Mobile SME consultants, who acquire new customers and handle the portfolio of their customers, is a novelty in the sale model. SME consultants are located in nearly 50 towns and cities and have a direct contact with their customers in the whole country. The ongoing transactional services and the cash services are provided in retail branches and affiliates of KB S.A. throughout Poland. Simultaneously, in 2010, a new central transactional and after-sales service model was implemented. Each new SME customer is serviced by the Business Service Centre located in Lublin. In the event of specialist services, SME Consultants are supported by product specialists, who are employees of the Enterprises Banking Department. In addition, a crucial part of the product offer is provided by the companies of Kredyt Bank Group and KBC Group in Poland, including: in the case of leasing services - Kredyt Lease S.A. which offers complete services to companies leasing fixed assets and real properties; KBC Autolease S.A. – long-term lease and fleet services; KBC TFI S.A. - an offer of investment funds for SMEs.

The key areas of activities and accomplishments of the SME Segment in the first half of 2010:

- the launch of a centralized processing and after-sales service for new SME customers - Business Service Centre in Lublin;
- the implementation of a multi-product frame agreement for selected banking products and services, under which customers may take advantage, in a single agreement, of services related to the maintenance of accounts and term deposits, electronic banking and payment cards. New, simpler templates of applications and product terms and conditions (e.g. a frame agreement for the money economy products or cash services);
- the implementation of ‘Szybki Kredyt’ product and process which, in specific cases, allows for the making of the lending decision in only 24 hours;
- an increase in the volume of deposits in the first half of the year by over PLN 380 million. The result was accomplished due to the greater activity of the distribution network and the introduction, since March 2010, of new term deposit products, as well as due to the launch, in April, of the loyalty promotion programme for the deposit account;
- active acquisition and sourcing of new SME customers;
- the participation of Kredyt Bank, as a strategic partner, in the 10th edition of ‘Gazele Biznesu’ contest for the fastest growing SMEs in particular provinces;
- an advertising campaign concerning loans for companies carried out in selected radio stations and in the Internet in June 2010.

The most important areas on which the measures in the SME Segment will be focused in the second half of 2010 are as follows:

- further acquisition and activation of customers, the application of amended processes and documents for active cross-selling of products;

- the implementation of systemic solutions allowing for the flexibility in the application of various rates of banking commissions and fees accompanied by the discipline regarding the collection of such charges – fees and commissions packages;
- sourcing new deposits and, at the same time, focusing on an increase in margins on deposits;
- the launch of the platform allowing customers to exchange currencies on-line;
- the implementation of a modern claims discounting services platform and the expansion of the offer in this area;
- the introduction of a credit card for SMEs;
- the launch of the cooperation concerning the programme titled 'You can pay with Visa card everywhere' and the implementation of devices allowing for the acceptance of payments made by cards.

SMEs	30.06.2010	31.12.2009	30.06.2009
No. of SME customers	15 427	14 973	14 907
Loans for SMEs (in PLN '000')	1 094 440	1 027 637	1 080 507
SMEs' deposits (in PLN '000')	2 655 212	2 324 409	1 998 891

Corporate Segment

The services to Corporate customers are rendered by 13 Corporate Banking Centres located in: Białystok, Bydgoszcz, Gdańsk, Katowice, Kraków, Lublin, Łódź, Poznań, Rzeszów, Szczecin, Warsaw (2 Centres) and in Wrocław. The Centres covering the largest areas have their additional representative outlets in smaller towns (Ciechanów, Gorzów, Jelenia Góra, Koszalin, Legnica, Leszno, Olsztyn, Piła, Radom, Siedlce). Direct contact with customers and the management of the whole cooperation is performed by Customer Assistants. In the event of specialist services, they are supported by product specialists, who are employees of the Enterprises Banking Department in the Bank's Head Office in Warsaw. In addition, a crucial part of the product offer is provided by the companies of Kredyt Bank Group and KBC Group in Poland, including: in the case of leasing services - Kredyt Lease S.A. which offers complete services to companies leasing fixed assets and real properties; KBC Autolease S.A. - long-term lease and fleet services; KBC TFI S.A. - an offer of investment funds for Corporate Customers. In addition, in the case of investment banking, corporate customers are serviced in cooperation with KBC Securities S.A. and KBC Private Equity S.A. The ongoing transactional services and after-sales service for all Corporate Customers are provided by the Business Service Centre located in Lublin. Cash services are provided in branches and retail affiliates of KB S.A. throughout Poland.

The key areas of activities and accomplishments of the Corporate Segment in the first half of 2010:

- the implementation of centralized processes of opening accounts and maintaining term deposits in the Business Service Centre in Lublin; the complete after-sales service (except for required cash services) for Corporate Customers;
- the 'de-location' of cash services (customers can be serviced in any outlet of KB S.A.) – the introduction of the centralized base of specimen signatures cards and authorization forms;
- the implementation of a multi-product frame agreement for selected banking products and services, under which customers may take advantage, in a single agreement, of services related to the maintenance of accounts and term deposits, electronic banking and

payment cards. New, simpler templates of applications and product terms and conditions (e.g. a frame agreement for the money economy products or cash services);
- continuing the strategy which involves the drive to increase the rate of return on transactions with customers and to decrease the exposures in the event of too high a risk. The decisions on financing were made as a derivative of the credit rating and of the rate of return on assets. New activity concerning the financing of real properties and structured transactions was limited, and the focus was on the cases in which the profitability and the cross-selling of non-loan products was satisfactory;
- active acquisition and sourcing of new Corporate Customers;
- an increase in the volume of deposits in the first half of 2010 by over PLN 960 million. The result was accomplished due to greater activity of the sale network and the introduction of new products in March 2010 (short-term term deposits for 10 and 25 days and 'Biznes Progres' term deposit).

The most important areas in which the measures in the Corporate Segment will be focused in the second half of 2010 are as follows:

- focusing on the segment of mid-cap enterprises to increase the rate of return on assets and to diversify income and the loans portfolio to a greater extent;
- putting a lot of emphasis on the sourcing of new customers and the activation of the customers sourced so far;
- the application of amended processes and documents for active cross-selling of products;
- sourcing new deposits through the introduction of periodical promotions for deposit products;
- continuing the strategy of discipline in the loans portfolio management; the development of new credit exposures mainly in the area of short-term loans;
- taking advantage of the synergy in KBC Group through the offering, to customers via the companies from the Group, of investment banking services such as: advisory services concerning mergers and acquisitions, capital restructuring, acquisition of capital (stock exchanges, investors, financial partners), transactions on capital markets (primary and secondary market, bonds, capital increase, public calls, buyouts), mezzanine finance, equity finance, MBO, LBO, MBI;
- the launch of the platform allowing customers to exchange currencies on-line;
- the implementation of a modern claims discounting services platform and the expansion of the offer in this area.

Corporate customers	30.06.2010	31.12.2009	30.06.2009
No. of corporate customers	3 731	3 623	3 750
Loans for corporate customers (in PLN '000')	7 271 662	7 873 796	9 353 640
Deposits of corporate customers (in PLN '000')	6 968 541	5 770 838	6 360 523

5.3. Treasury Segment and cooperation with international financial institutions

The Bank performs transactions on the inter-bank market, both domestic and international, on own account and on behalf of customers. Active participation in the inter-bank market makes it possible to obtain competitive quotations, which is the basis of stabilization and development of existing corporate customers' base. The Bank is the Treasury Securities Dealer and Money Market Dealer. The treasury products offer is being expanded and ensures appropriate services both to Private

Banking customers and medium-sized and large companies. It entails, among other things, the exercise of options hedging the market risk for customers.
Kredyt Bank S.A. established active relations with domestic and foreign banks providing FX/MM, Custody, Trade Finance and payments services. They are supplemented by cooperation agreements with global foreign institutions, e.g. European Investment Bank, European Reconstruction and Development Bank, Visa International. Due to the base of 35,000 SWIFT keys exchanged with other institutions, the Bank is able to exchange correspondence with banks and service foreign trade in the majority of countries worldwide. As at 30.06.2010, Kredyt Bank maintained 13 LORO accounts in foreign currencies and 32 LORO accounts in PLN for 35 correspondent banks (30 foreign banks and 5 national banks). The network of NOSTRO accounts included 16 accounts in 16 banks and it fully satisfied the clearing needs of Kredyt Bank.

5.4. Custodian services and investment activities

An offer of the Bank's custodian services entails maintaining securities accounts for domestic and foreign, both institutional and individual, customers. For the special group of customers, i.e. investment funds, the Bank also plays a role of a custodian bank and issue sponsor. The Bank holds an authorization of the Polish Financial Supervision Authority to maintain securities accounts; it is also a direct participant of the National Depository for Securities (KDPW) as a Custodian Bank and a participant of the Securities Register (RPW) managed by the National Bank of Poland (NBP). On this basis, the Bank maintains accounts for securities admitted to public trading, deposited in KDPW or RPW. The Financial Transactions Clearing Office in the Bank's Head Office is the Bank's unit responsible for the above-mentioned tasks.

5.5. Operations of the Group companies

Kredyt Lease S.A.
As at 30 June 2010, the company's share capital amounted to PLN 27,501 thousand. Kredyt Lease is engaged in leasing services, rental and lease of rights and assets, trade in real estate and intermediation in the sale of goods and services. The company focuses mainly on services provided to the Bank's customers, but also offers its services on the market. Kredyt Lease's offer is supplementary to the Bank's offer and provides a complete range of services for corporate customers and SMEs.

Kredyt Trade Sp. z o.o.
As at 30 June 2010, the company's share capital amounted to PLN 64,179 thousand. Kredyt Trade provides services complementary to the Bank's administrative services, mainly concerning the servicing and lease of properties and equipment.

Reliz Sp. z o.o.
As at 30 June 2010, the share capital of Reliz amounted to PLN 50 thousand. The company's main asset is ALTUS multi-purpose building in Katowice. The company is involved in the lease and administration of this property.

6. Financial results of Kredyt Bank S.A. Capital Group in the first half of 2010

6.1. Assets structure

The Group's total assets as at 30.06.2010 amounted to PLN 42,245,376 thousand against PLN 41,101,940 thousand as at 30.06.2009 and were higher by 2.8% (an increase by 8.1% as compared to the end of 2009). Net loans and advances to customers and investment securities generated the greatest shares in assets structure; as at the end of the first half of 2010, they accounted for 86.0% of total assets. An increase in the share of investment securities in total assets from 15.2% to 22.2% resulting from an increase in the Bank's exposure to Treasury bills and bonds, was the most important change in the structure of assets as compared to the end of the first half of 2009.

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

	30.06.2010	31.12.2009	30.06.2009
Cash and balances with Central Bank	1 441 062	1 175 453	1 757 667
Gross loans and advances to banks	1 216 184	190 013	499 400
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 260
Receivables arising from repurchase transactions	0	331 875	7 001
Financial assets at fair value through profit or loss	123 478	155 400	901 559
Held-for-trading financial assets (excluding derivatives)	1 590 660	1 179 949	1 624 866
Derivatives including:	591 221	571 410	1 125 105
- derivatives used as hedging instruments	89 227	55 741	66 014
Gross loans and advances to customers	28 748 715	27 297 744	28 979 908
Impairment losses on loans and advances to customers	-1 781 266	-1 575 886	-1 094 673
Investment securities	9 374 468	8 789 642	6 243 829
- available-for-sale	6 886 155	6 036 304	4 338 473
- held-to-maturity	2 488 313	2 753 338	1 905 356
Investments in associates valued using the equity method	13 171	11 955	10 827
Property, plant and equipment	316 622	353 534	395 145
Intangible assets	45 509	51 248	58 778
Goodwill on subordinated companies	0	0	36 052
Deferred tax asset	236 902	217 383	209 289
Current tax receivable	0	0	0
Non-current assets classified as held for sale	0	0	0
Investment properties	232 706	222 240	204 864
Other assets	98 204	106 898	144 583
Total assets	**42 245 376**	**39 076 598**	**41 101 940**

The main factors behind the change in the balance sheet total in the first half of 2010 as compared to the first half of 2009 were as follows: the Bank's greater exposure to investment securities and gross loans and advances to banks, while, at the same time, the Bank limited the scale of lending activities mainly in the segment of enterprises.

Credit portfolio quality

The economic slowdown observed since 2009 and the slower growth rate of the value of the loan portfolio resulted in an increase in the share of non-performing loans in total gross loans and advances to customers for the whole banking sector.
At the end of the first half of 2010, in Kredyt Bank S.A. Group, the share of loans and advances with evidence for impairment in total gross loans and advances to customers amounted to 9.4%,

i.e. by 3.7 p.p. more than at the end of the first half of 2009. In the analysed period, the value of non-performing receivables, i.e. those for which evidence of impairment was identified increased by 62.6%.
The Group, when estimating credit risk for individual credit exposures and loan portfolios, follows the overriding prudence concept. As at 30.06.2010, the coverage of loans and advances with evidence for impairment with impairment losses was at the level of 61.1% and increased by 0.7 p.p. as compared to 31.12.2009 and by 1.9 p.p. as compared to 30.06.2009.

In PLN ths.	30.06.2010	31.12.2009	30.06.2009
Loans and advances with no evidence for impairment, including interest	25 992 860	24 919 522	27 321 024
Loans and advances with evidence for impairment, including interest	2 696 758	2 378 222	1 658 884
Total gross loan and advances to customers (including interest)	**28 689 618**	**27 297 744**	**28 979 908**
Impairment losses on loans and advances to customers	1 781 266	1 575 886	1 094 673
including: impairment losses on loans and advances with evidence for impairment	1 648 517	1 435 829	982 265
Total net loans and advances to customers	**26 908 352**	**25 721 858**	**27 885 235**
The share of loans and advances with evidence for impairment in total gross loans and advances	9,4%	8,7%	5,7%
Coverage of loans and advances with evidence for impairment with impairment losses	61,1%	60,4%	59,2%

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

In the first half of 2010, in the course of debt collection measures aimed at recovering debts from non-paying customers, the Bank issued 24,602 banking executory titles for the total amount of PLN 193.1 million. In the corresponding period in 2009, the Bank issued 14,890 banking executory titles for the total amount of PLN 187.6 million.
In the case of receivables assessed individually, the total fair value of collateral approved by the Group considered in estimated future cash flows, as at 30.06.2010 amounted to PLN 256,995 thousand. As at 30.06.2009, this value was equal to PLN 184,598 thousand.
Mortgages are the main security accepted by the Bank in the lending process. As at 30.06.2010, mortgages accounted for 87% of the value of all collateral (94% as at 30.06.2009). In the process of estimating impairment losses, mortgages are reported according to the present valuation of an expert following the adjustment to the debt recovery value, according to the Bank's policy.

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

The most important change in the structure of the Group's loan portfolio, as assumed in the strategy, is the further increase in the share of loans and advances to natural persons in total loans and advances to customer. As of 30.06.2010, the share was at the level of 74.6% (an increase by 6.7 p.p.).

	30.06.2010	31.12.2009	30.06.2009
Natual persons*	**74,6%**	**71,3%**	**67,9%**
- overdraft facilities	3,1%	2,9%	2,7%
- purchased debt	0,1%	0,0%	0,0%
- term loans**	2,8%	3,0%	2,9%
- cash loans, instalment loans and cards	14,6%	15,1%	14,0%

- mortgages	53,9%	50,1%	48,2%
- realised guarantees	0,0%	0,0%	0,0%
- other receivables	0,1%	0,1%	0,1%
Corporate customers	**24,6%**	**27,9%**	**31,1%**
- overdraft facilities	5,4%	5,4%	6,5%
- term loans**	16,7%	20,0%	22,0%
- purchased debt	0,6%	0,5%	0,6%
- realised guarantees	0,0%	0,0%	0,0%
- other receivables, including leasing fees	1,8%	2,0%	2,0%
Budget	**0,8%**	**0,8%**	**1,0%**
- overdraft facilities	0,2%	0,0%	0,1%
- term loans**	0,6%	0,8%	0,8%
Total	**100,0%**	**100,0%**	**100,0%**

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

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

6.2. The structure of liabilities and equity

At the end of the first half of 2010, as in the previous year, amounts due to customers were the main category of liabilities. Over last 12 months, their value increased by 14.7%. The share of amounts due to customers in total liabilities and equity amounted, at the end of the first half of 2010, to 60.7% (an increase by 6.3 p.p.).

The share of the second largest item of liabilities, i.e. amounts due to banks (including the Central Bank) in total liabilities and equity did not change substantially over the last 12 months and was at the level of 27.7%. The majority of them were funds sourced from KBC Group entities. At the end of the first half of 2010, the value of loans and advances obtained from the entities of KBC Group amounted to PLN 6,654,424 thousand, which accounted for 15.8% of total liabilities and equity. In addition, at the end of the first half of 2010, KB S.A. Group obtained, from the entities of KBC Group, interbank deposits amounting to PLN 2,258,904 thousand (5.3% of total liabilities and equity). Borrowed loans and advances as well as interbank deposits will be renewed at their maturities, which enables the Bank to treat them as stable financing.

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

	30.06.2010	31.12.2009	30.06.2009
Amounts due to Central Bank	6	1 321 802	2 660 640
Amounts due to banks	11 706 356	11 081 690	11 340 518
Derivatives including:	743 927	541 068	1 036 593
- derivatives used as hedging instruments	0	3 166	2 368
Amounts due to customers	25 651 880	22 469 154	22 370 493
Liabilities arising from repurchase transactions	128 561	0	0
Current tax liability	41 913	32 282	49 600
Provisions	69 498	53 917	69 978

Deferred tax liability	1 123	1 289	1 290
Other liabilities	271 532	180 997	180 251
Subordinated liabilities	903 162	805 816	849 952
Total equity	2 727 418	2 588 583	2 542 625
Total liabilities and equity	**42 245 376**	**39 076 598**	**41 101 940**

Amounts due to customers – structure by items and types

In the first half of 2010, in the case of natural persons, we observed the outflow of customers' funds from term deposits to savings accounts, which, by offering attractive interest rates as compared to term deposits, at the same time allow for the freer use of the funds deposited by customers. The above alteration resulted in an increase in the share of current accounts in total amounts due to customers from 36.7% as at the end of the first half of 2009 to 46.5% at the end of the first half of 2010, i.e. 9.8 p.p.
Term deposits of corporate customers also include the funds of TUnŻ WARTA sourced from the sale of 'WARTA GWARANCJA' insurance term deposit – at the end of the first half of 2010, they amounted to PLN 0.8 billion (3.1% of total amounts due to customers). As compared to the first half of 2009, their share in total amounts due customers decreased by 2 p.p.

Amounts due to the Group's customers	30.06.2010	31.12.2009	30.06.2009
Natural persons*	**61,9%**	**63,2%**	**60,1%**
- in current account	46,5%	45,0%	36,7%
- term deposits	15,1%	17,9%	22,8%
- other	0,2%	0,3%	0,5%
Corporate customers	**29,8%**	**28,8%**	**30,9%**
- in current account	10,8%	11,3%	11,0%
- term deposits	18,5%	17,4%	20,0%
- including 'Warta Gwarancja' product	3,1%	4,3%	5,1%
- loans and advances	0,4%	0,0%	0,0%
- other	0,0%	0,1%	0,0%
Budget	**8,3%**	**8,0%**	**9,0%**
- in current account	5,2%	5,6%	6,3%
- term deposits	3,1%	2,4%	2,7%
Total	**100,0%**	**100,0%**	**100,0%**

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

6.3. Off-balance sheet items

The value of particular off-balance sheet items is presented in section 4 of the interim financial statements of Kredyt Bank S.A. Capital Group for the first half of 2010.

Guarantees and sureties issued, including those granted to the Issuer's related parties

As of 30.06.2010 and 30.06.2009, the Bank did not issue guarantees with the total value of at least 10% of the Bank's equity, to one company or entities of one capital group.

6.4. Income statement structure

In the first half of 2010, the Group generated net profit amounting to PLN 73,312 thousand, as compared to PLN 4,053 thousand generated in the first half of 2009. Lower general and administrative expenses amounting to PLN 451,915 thousand (a decrease by 12.8% as compared to the first half of 2009) and charging the results for the first half of 2010 with a lower amount of net impairment losses on financial assets, other assets and provisions as compared to the first half of 2009, i.e. PLN 238,972 thousand vs. PLN 273,331 thousand, were the most crucial factors contributing to the higher financial result.

Simultaneously, in the first half of 2010, the Group recorded a slight decrease (by -0.6%) of total income (net operating income). Lower net trading income and net gains from other operating income/expenses contributed to its deterioration to the largest extent.

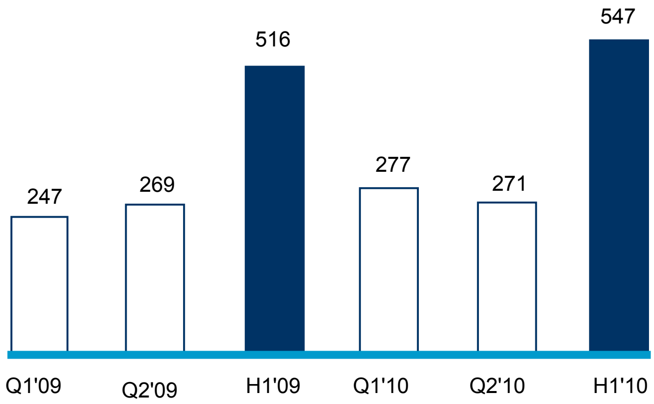
The main items of the Group's income statement are presented below:

in PLN ths.	01.01.2010 - 30.06.2010	01.01.2009 - 30.06.2009	Change
Net interest income	547 079	516 137	6,0%
Net commission income	156 659	145 928	7,4%
Net gains from trading and investing activities (including dividend income and net result on derivatives used as hedging instruments and hedged items)	61 549	91 216	-32,5%
Net gains from other operating income/expenses	22 936	39 874	-42,5%
Total income	**788 223**	**793 155**	**-0,6%**
General and administrative expenses, and depreciation	-451 915	-518 545	-12,8%
Net impairment losses on financial assets, other assets and provisions	-238 972	-273 331	-12,6%
Share in profit of associates	1 215	697	74,3%
Profit before tax	**98 551**	**1 976**	**4887,4%**
Income tax expense	-25 239	2 077	-
Net profit (attributable to the shareholders of the Bank)	**73 312**	**4 053**	**1708,8%**

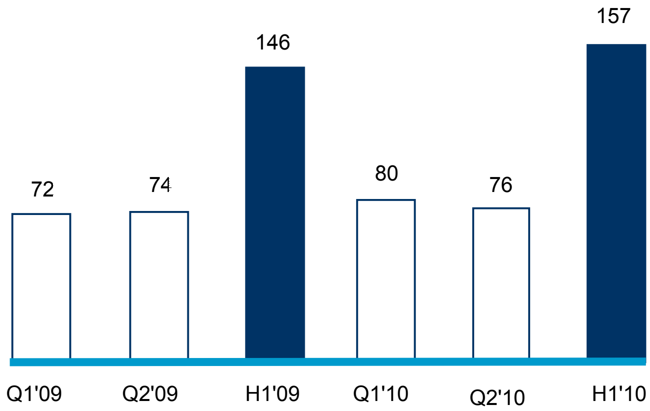
Net interest income and net fee and commission income generated by the Group in the first half of 2010 amounted to PLN 703,738 thousand and was higher by 6.3% than the figure in the first half of 2009 (PLN 662,065 thousand).

Higher net interest income resulted mainly from the growth in net interest income on debt securities and the decrease in expenses due to the smaller scale of financing with repurchase transactions.

Net interest income in the first half of 2009 and of 2010, in millions of PLN, is presented in the graph below:



Net fee and commission income was higher as compared to the first half of 2009 by 7.4%. An increase in the income from commissions on distribution and management of combined investment and insurance products from PLN 16,529 thousand to PLN 27,272 thousand, i.e. by 65.0%, contributed largely to the higher net income generated in the first half of 2010.
Net commission income in the first half of 2009 and of 2010, in millions of PLN, is presented in the graph below:



The table below presents the structure of commission income in the first half of 2009 and of 2010:

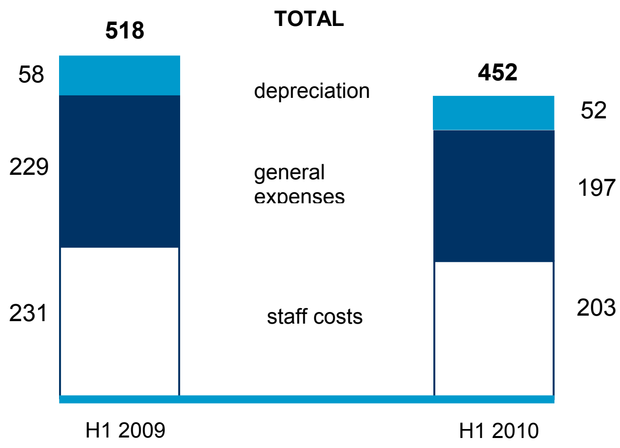
	01.01.2010 -30.06.2010	Structure %	01.01.2009 - 30.06.2009	Structure %
Fees and commissions due for payment cards processing and ATMs maintenance	64 528	32,1%	78 157	38,1%
Fees and commissions on deposit-related transactions with customers	67 714	33,7%	64 247	31,4%
Fees and commissions related to lending activities	20 507	10,2%	24 331	11,9%
Commissions on distribution and management of combined investment and insurance products	27 272	13,6%	16 529	8,1%
Commissions on guarantee commitments	8 886	4,4%	9 439	4,6%
Commissions on foreign clearing operations	7 577	3,8%	7 900	3,9%
Commissions on other custodian services	1 464	0,7%	1 023	0,5%
Other fees and commissions	3 200	1,5%	3 244	1,6%
Total	**201 148**	**100,0%**	**204 870**	**100,0%**

The most crucial changes in the structure of commission income were related to the share of fee and commission due for payment cards processing and ATMs maintenance in total commission income, and the decrease by 6.0 p.p. to the level of 32.1% in the first half of 2010 and the increase by 5.5 in the share of the commission on distribution and management of combined investment and insurance products, which was associated directly with good sales results as regards the distribution of shares in investment funds offered in the Bank's outlets.

Net gains from trading and investing activities (including dividend income and net result on derivatives used as hedging instruments and hedged items) in the first half of 2010 amounted to PLN 61,549 thousand, i.e. less by 32.5% than in the first half of 2009. The observed decline resulted mainly from lower result on foreign exchange and lower result on debt securities balanced with the increase in the result on provisions for derivatives.

Net gains from other operating income/expenses in the first half of 2010 amounted to PLN 22,936 thousand, i.e. by 42.5% (by PLN 16,938 thousand) less than in the first half of 2009. Rental income in Reliz is the main item which affects other operating income on a continuous basis. In the first half of 2010, the income of Reliz (after consolidation exclusions) amounted to PLN 15,355 thousand and was lower by PLN 2,075 thousand as compared to the first half of 2009 (the decrease results from currency translation differences). In the first half of 2010, as compared to the corresponding period in the previous year, the Group also recorded lower, by PLN 5,887 thousand, result on the impairment of trade receivables and lower, by PLN 5,891 thousand, inflows related to recovered receivables.

In the first half of 2010, the Group's general and administrative expenses amounted to PLN 451,915 thousand and were down by 12.8% in comparison to the first half of 2009.
The decrease resulted mainly from the decline in staff costs, which decreased by 12.2% (i.e. by PLN 28,149 thousand), due to, among other things, the decisions made in 2009 about organisational changes and about the reduction of employment in the Group. At the end of the first half of 2010, as compared to the end of the first half of 2009, the employment decreased by 1,686 FTEs, mainly due to the sale and deconsolidation of Żagiel S.A. and the employment restructuring process in the Bank.
The sale and the deconsolidation of Żagiel S.A. and the strict control over expenses in the Bank itself, also positively affected the level of general expenses, which decreased at the end of the first half of 2010 to PLN 197,259 thousand, i.e. by 14%.
The decline in the following items generated the biggest share in the decrease in general expenses:
- costs of buildings lease, by 21.9%, i.e. by PLN 11,466 thousand to PLN 40,971 thousand;
- taxes and fees, by 11.8%, i.e. by PLN 5,917 thousand to PLN 44,382 thousand;
- IT and telecommunications expenses, by 8.1%, i.e. by PLN 3,020 thousand to PLN 34,209 thousand.
The measures aiming at the optimization of general expenses have been continued. They aim at a permanent decrease in the fixed costs base, which will make it possible to manage expenses in a more optimal way.
General and administrative expenses, and depreciation costs, in the first half of 2009 and in the first half of 2010, are presented in the graph below (in millions of PLN):



Cost/income ratio (CIR) in the first half of 2010 was equal to 57.3%, which denotes an improvement as compared to the first half of 2009 by 8.1 p.p.

In the first half of 2010, net impairment losses on financial assets, other assets and provisions were negative and amounted to -PLN 238,972 thousand as compared to the deduction from profit before tax in the first half of 2009 of -PLN 273,331 thousand.
In the first half of 2009, the impairment losses were higher in the segment of enterprises, due to, among other things, the necessity to enter into books impairment losses for receivables due to mature but not paid currency derivatives of customers amounting to PLN 70 million.

The debit due to the income tax in the Group in the first half of 2010 amounted to PLN 25,239 thousand, as compared to the credit to the Group's net profit in the first half of 2009 of PLN 2,077 thousand. The effective tax rate in the first half of 2010 was at the level of 25.6% and was distorted mostly by impairment losses and provisions being non-deductible expenditure.

7. Risk management

Below, we are describing changes in the approach towards the management of credit risk, liquidity risk and operational risk introduced in the first half of 2010. As regards other types of risk the Group is exposed to, i.e. the market risk in trade and ALM risk, the approach has not changed much.

7.1. Credit risk

In the first half of 2010, the Group introduced, as regards retail credit exposures, modifications in response to the general macroeconomic situation in Poland and the regulatory environment in order to maintain the level of the Bank's credit risk at an acceptable level. The chief changes in the credit policy:

- a gradual adjustment of the lending policy to the requirements of the T-Recommendation;
- tightening the acceptance conditions for groups of customers with the highest level of risk;
- adjusting the parameters of acceptance and lending to business requirements having regard for the defined level of risk appetite;
- change in the debt recovery process for the portfolio of mortgages to increase its effectiveness.

Simultaneously, as regards the credit risk, its measurement and monitoring, the Group:

- carried out an additional analysis of 'remortgaged' customers, having regard for the expanded base of Biuro Informacji Kredytowej ('BIK');
- carried out a detailed analysis of the portfolio of mortgages and cyclical stress-testing for this portfolio;

- presented the outcomes of the review of professional and geographical limits for the portfolio of corporate customers and a report from the review of customers from the most risky industries;
- expanded the reporting process, especially as regards the models of credit risk.

7.2. Liquidity risk

As regards the liquidity risk in the first half of 2010, the Bank:

- adopted updated assumptions for stress-testing concerning liquidity; the results of the test also reflected the impact of shock distortions of systemic nature as well as disadvantageous changes concerning the financing in response to the potential decline in the Group's rating;
- according to the policy adopted in KBC Group, introduced additional measures of operational liquidity along with limits (for 5- and 30-day periods);
- carried out works aiming at the assessment of the impact of new liquidity regulations in the form proposed in December 2009 by the Basel Committee.

7.3. Operational risk

In the first half of 2010, the Group expanded and improved the operational risk management system through:

- the introduction of the Standardized Approach in the calculation of the capital requirement to cover the operational risk in Kredyt Bank Group;
- updating the internal regulations concerning:
    - the methodology of Risk Self Assessment - RSA;
    - the methodology of Key Risk Indicators - KRI;
    - procedures of implementing the Group's Standards in Kredyt Bank S.A. and its subsidiaries;
- carrying out the annual assessment of the compliance of MCO (Mandatory Control Objective) guidelines in the IT area. MCOs are based on the guidelines from COBIT (Control Objectives for Information and related Technology);
- the implementation of the group standard in Kredyt Bank: Information Classification.

8. Financial ratings for the Group's parent company

As at 30 June 2010, Kredyt Bank S.A. did not have financial ratings prepared on the basis of its order.

9. Corporate Governance

Corporate Governance rules

Since the implementation of Corporate Governance principles (for the first time, they were incorporated by the authorities of the Warsaw Stock Exchange in 2002), Kredyt Bank S.A. declared its adherence to them and made every effort to apply recommendations and corporate governance principles to the largest possible extent.
On 1 January 2008, Corporate Governance rules enlisted in the document entitled "The Code of Best Practice for WSE Listed Companies" came into force (Resolution of the Stock Exchange Board No. 12/1170/2007 of 4 July 2007). The Bank approved of the new rules on 28 May 2008 under Resolution No. 25/2008 of the Ordinary General Meeting of Shareholders of Kredyt Bank S.A.
On the basis of the above rules, in 2007, 2008 and 2009 the Bank prepared reports on their application; they were attached to financial statements for particular years and published on the Bank's website.

On 19 May 2010, the Supervisory Board of Warsaw Stock Exchange adopted Resolution No. 17/1249/10 concerning the amendments to Corporate Governance rules. The Code of Best Practice incorporated the latest amendments in the law, the changes in the present international trends in corporate governance and expectations of the market players. The amendments to “The Code of Best Practice for WSE Listed Companies” came into force on 1 July 2010.

According to the rules of the corporate governance, the Bank applies the By-laws of the Supervisory Board and of the Management Board, as well as the By-laws of the General Meeting of the Bank’s Shareholders. The Members of the Supervisory Board have proper education and many-years’ experience in the area of business management.

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

The Bank presents the information concerning the observance of Corporates Governance rules on its corporate website: www.kredytbank.pl in Polish and English language versions.

Business ethics

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

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

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

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

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

Social commitment

The local community, i.e. institutions, organisations and local residents, are stakeholders particularly important for the Bank which also operates on local markets. The Bank, apart from business activities, perceives the need to actively participate in issues important for such communities. Through various forms of activity (financial aid, material support, voluntary help from employees), the Bank supports the solution of local social problems.
Pursuant to the social commitment strategy adopted in 2009, the company participates in the establishment of friendly environment for the development of the communities, with special support for safe development of children and the promotion of right attitudes and behaviour among them.

In the first half of 2010, the Bank continued its cooperation with Stowarzyszenie Centrum Wolontariatu ('Volunteer Centre' Association). The Bank is a Partner to 'Wolontariat Biznesu' ('Business Volunteer') Programme.
More and more employees participate in the Employee Volunteer Programme of Kredyt Bank and WARTA called 'TAK od serca' ('YES from the heart'). The Company facilitates such a commitment (each employee may designate one working day in a year to carry out volunteer actions) and helps finance specific needs of volunteers related to their initiatives. The Foundation of WARTA and Kredyt Bank also has been actively participating in this financial aid, allocating employee grants for specific social projects.

From this year, the volunteer projects are related to Kredyt Bank's new mission: 'To fulfil dreams safely'. Employees devote their free time to others, help and fulfil dreams of the children in need, mainly those from children's homes and residential homes. They also support people who found themselves in a difficult life situation.
The activities of the volunteers from the Bank are appreciated by Centrum Wolontariatu. In February, the 'The Volunteer of the Month' title was granted to Ms. Renata Klein from the branch of Kredyt Bank in Wałbrzych. It is the third employee of the Bank awarded with this title.
The social projects are also undertaken by 'Razem Możemy Więcej' ('Together We Can Do More') Foundation of WARTA and Kredyt Bank. At the beginning of the year, the Foundation was involved in providing aid to the victims of the earthquake that took place in January 2010 in Haiti. It supported the collection carried out by Polska Akcja Humanitana (Polish Humanitarian Organisation) by giving a donation for the purchase of drinking water and medicines, and the reconstruction of schools and residential buildings.
In March, in consultation with the management team of Tramwaje Warszawskie (the company managing the tramway system in Warsaw), the Foundation provided financial aid to the wife and children of Andrzej Struj, the policeman killed in Wola district in Warsaw.
Furthermore, the Foundation continued the volunteer support programme 'Chcę pomagać!' ('I want to help!'), which entails grants for projects submitted by socially involved employees. By the end of June, 16 grants were awarded for the total amount of PLN 75 thousand.
The Foundation also co-financed therapeutical workshops for women with cancer in Stowarzyszenie Amazonek (Amazon Women Association) in Wałbrzych and the purchase of the device for the rehabilitation of elderly and disabled people in the nursing home in Podzamek.

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

External drivers

Despite the fact that, officially, the recession in the USA, Germany and France has finished, the business conditions in 2010 are still difficult to assess, both as regards the global and Polish economy. In the first half of 2010, in turned out that, following the period of loosening the fiscal policy, savings and cuts will be necessary to restore the budgetary balance. Right now, the problem is urgent mainly for the countries of the euro area.

Polish economy, at the background of European economies, appears to be in a good shape, nevertheless such phenomena as the persisting trend of growing unemployment, as well as the uncertainty concerning the position of the Polish zloty do not support the recovery of good business conditions on the financial services market.

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

- only a moderate upgrading of the economic growth rate resulting in the risk of no significant improvement of the situation on the labour market and limiting the chances for the fast reconstruction of the quality of the loans portfolio;
- incomplete information in BIK concerning loans granted to customers by banks (mainly instalment and cash loans) which impedes the assessment of the risk related to the increase in credit exposure, including the risk of the deterioration of quality of the loans portfolio of individual customers;
- the impact of the implementation of the T-Recommendation upon the development of the portfolio of mortgage loans;
- persisting high cost of long-term liquidity both in the Polish zloty and in foreign currencies;
- slow reconstruction of the demand for complex financial products, especially in the corporate customers segment, and a gradual increase in the interest in investment products offered by the Group among individual customers;
- lower cost of sourcing and maintaining deposits.

Internal drivers

The reduction and effective management of credit risk as well as the optimization of the costs base will remain the important factors for the accomplishment of the strategic objectives of Kredyt Bank S.A. Capital Group in the second half of 2010. A more complete use of the existing distribution network will be an important factor. Further works are underway to review and optimize the network of outlets from the point of view of their location, profitability of their activities and sales volume.

In 2009, the Group introduced a number of organisational changes, which aimed at better adjustment of institutions to market requirements, improving the efficiency of processes and better use of existing human and material resources. In the first half of 2010, the works were continued, for example in the area of risk. Further centralization of transactional functions in the network of outlets and of the lending decision-making process is planned. Potential savings will be allocated, among other things, to the development of distribution channels such as call centres and electronic banking.

An increase in and the maintenance of the share in the market of individual customers' deposits and an increase in the acquisition of customers through the sale of deposit products will remain an objective for the retail segment in the second half of 2010. The Group will also strive to regain the position on the mortgages market; an increase in the share in the market to the level recorded at the end of 2008.

In the corporate segment, selling activities will be directed at the segment of smaller and medium-sized corporations. Deepening relations with existing customers and the greater diversification of the loans portfolio will be the chief goal. In 2009, SMEs were detached as a separate business line with a separate organisational structure (head office, regions, teams of consultants) and the review of the pricing policy and of the product offer was carried out. Sourcing new customers and an increase in income, including an increase in commission income from transactional banking and foreign exchange, will remain the objective for 2010.

11. Statements of the Management Board

Under § 90 clause 1 items 4 and 5 of the Ordinance by the Minister of Finance of 19 February 2009 on current and interim information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws No. 33 item 259), the Management Board of Kredyt Bank S.A. hereby makes the following statements:

11.1. True and fair view presented in the financial statements

According to the best knowledge of the Management Board of Kredyt Bank S.A., the interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2010 ended on 30.06.2010 along with the comparable data, were prepared according to the accounting principles effective in the Group and present a true and fair view of the financial standing and assets of Kredyt Bank S.A. Capital Group as well as of its financial result. In addition, the Management Board of Kredyt Bank S.A. hereby declares that the semi-annual Management Board's report presents a true picture of the development and accomplishments, as well as the situation (including the description of basic risks and threats) of Kredyt Bank S.A. Capital Group in the first half of 2010.

11.2. Appointment of the certified auditor for financial statements

The Management Board of Kredyt Bank S.A. hereby declares that the certified auditor to review the interim condensed consolidated financial statements of Kredyt Bank S.A. Capital Group for the first half of 2010 ended on 30.06.2010 was appointed as required by law. This entity and certified auditors performing the review complied with the conditions on the issue of impartial and independent audit report, as required by the Polish law.

Signatures of all Management Board Members

date	5.08.2010	Maciej Bardan	President of the Management Board	....
date	5.08.2010	Umberto Arts	Vice President of the Management Board	....
date	5.08.2010	Zbigniew Kudaś	Vice President of the Management Board	....
date	5.08.2010	Krzysztof Kokot	Vice President of the Management Board	....
date	5.08.2010	Michał Oziembło	Vice President of the Management Board	....
date	5.08.2010	Gert Rammeloo	Vice President of the Management Board	....