Interim Consolidated Financial Statements

of Kredyt Bank S.A. Capital Group

for the First Quarter of 2010 Prepared in Accordance with

the International Financial Reporting Standards

Contents

I. Interim Condensed Consolidated Financial Statements

1. Consolidated Income Statement

in PLN '000'	1st quarter of 2010 01.01.2010 - 31.03.2010	1st quarter of 2009 01.01.2009 - 31.03.2009
Interest income	534 835	616 979
Interest expense	-258 256	-369 817
Net interest income	**276 579**	**247 162**
Fee and commission income	101 769	99 422
Fee and commission expense	-21 360	-27 047
Net fee and commission income	**80 409**	**72 375**
Dividend income	253	0
Net trading income	23 487	67 661
Net result on derivatives used as hedging instruments and hedged items	515	1 146
Net gains from investment activities	3 654	4 150
Other operating income	24 859	28 507
Total operating income	**409 756**	**421 001**
General and administrative expenses	-224 883	-270 442
Other operating expenses	-9 322	-13 362
Total operating expenses	**-234 205**	**-283 804**
Net impairment losses on financial assets, other assets and provisions	-97 589	-184 317
Net operating income	**77 962**	**-47 120**
Share in profit (loss) of associates	664	335
Profit (loss) before tax	**78 626**	**-46 785**
Income tax expense	-19 069	10 279
Net profit (loss) from business activities	**59 557**	**-36 506**
Net profit (loss) from discontinued operations	0	0
Net profit (loss)	**59 557**	**-36 506**
Including:		
attributable to the Shareholders of the Bank	**59 557**	**-36 506**
Weighted average number of ordinary shares	271 658 880	271 658 880
Earnings per ordinary share (in PLN)	0.22	-0.13

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

2. Consolidated Statement of Comprehensive Income

in PLN '000'	1st quarter of 2010 01.01.2010 - 31.03.2010	1st quarter of 2009 01.01.2009 - 31.03.2009
Net profit/loss for the period	**59 557**	**-36 506**
Valuation of financial assets available-for-sale	85 505	-62 162
- including deferred tax	-20 057	14 582
Effects of valuation of derivatives designated for cash flow hedge	21 765	-58 795
- including deferred tax	-5 105	13 791
Other comprehensive income recognized directly in equity	**107 270**	**-120 957**
Comprehensive income	**166 827**	**-157 463**
Including:		
attributable to the Shareholders of the Bank	**166 827**	**-157 463**

3. Consolidated Balance Sheet

in PLN '000'	31.03.2010	31.12.2009	31.03.2009
Assets			
Cash and balances with Central Bank	1 115 311	1 175 453	1 387 243
Gross loans and advances to banks	431 145	190 013	337 425
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 260
Receivables arising from repurchase transactions	32 235	331 875	336 247
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 333 308	1 335 349	1 866 584
Derivatives including:	609 538	571 410	2 072 779
- derivatives used as hedging instruments	79 942	55 741	73 066
Gross loans and advances to customers	26 775 188	27 297 744	29 826 986
Impairment losses on loans and advances to customers	-1 651 728	-1 575 886	-1 059 041
Investment securities:	10 064 842	8 789 642	6 294 148
- available-for-sale	7 348 342	6 036 304	4 303 608
- held-to-maturity	2 716 500	2 753 338	1 990 540
Investments in associates valued using the equity method	12 620	11 955	10 466
Property, plant and equipment	330 657	353 534	409 348
Intangible assets	48 456	51 248	61 479
Goodwill on subordinated companies	0	0	36 052
Deferred tax asset	179 514	217 383	171 437
Current tax receivable	18 638	0	0
Investment properties	235 277	222 240	207 354
Other assets	102 903	106 898	158 671
Total assets	**39 635 644**	**39 076 598**	**42 114 918**

in PLN '000'	31.03.2010	31.12.2009	31.03.2009
Liabilities			
Amounts due to Central Bank	207 997	1 321 802	374 945
Amounts due to banks	10 327 072	11 081 690	13 316 388
Derivatives including:	577 243	541 068	1 700 869
- derivatives used as hedging instruments	806	3 166	1 816
Amounts due to customers	24 505 063	22 469 154	22 199 231
Liabilities arising from repurchase transactions	146 873	0	1 317 003
Current tax liability	286	32 282	22 076
Provisions	59 501	53 917	84 331
Deferred tax liability	1 335	1 289	612
Other liabilities	266 465	180 997	227 193
Subordinated liabilities	788 399	805 816	384 220
Total liabilities	**36 880 234**	**36 488 015**	**39 626 868**

in PLN '000'	31.03.2010	31.12.2009	31.03.2009
Equity			
Share capital	1 358 294	1 358 294	1 358 294
Supplementary capital	784 039	784 039	604 966
Revaluation reserve	112 986	5 716	-23 019
Reserves	340 942	340 942	240 942
Currency translation differences from the translation of subordinated companies	0	0	0
Retained earnings/loss	99 592	65 033	343 373
Current net profit (loss) attributable to the Shareholders of the Bank	59 557	34 559	-36 506
Total equity attributable to shareholders of the Bank	**2 755 410**	**2 588 583**	**2 488 050**
Minority interest	0	0	0
Total equity	**2 755 410**	**2 588 583**	**2 488 050**
Total equity and liabilities	**39 635 644**	**39 076 598**	**42 114 918**

Capital adequacy ratio (%)	12.36	11.82	8.46
Number of shares	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	10.14	9.53	9.16

4. Off-balance Sheet Items

in PLN '000'	**31.03.2010**	**31.12.2009**	**31.03.2009**
Liabilities granted and received			
Liabilities granted, including:	5 696 387	5 803 368	6 885 375
- financial	3 764 600	4 008 224	5 025 958
- guarantees	1 931 787	1 795 144	1 859 417
Liabilities received, including:	2 227 419	2 409 623	1 622 367
- financial	1 079 673	1 185 242	206 934
- guarantees	1 147 746	1 224 381	1 415 433
Liabilities related to the sale/purchase transactions	**93 932 104**	**89 935 737**	**210 609 229**
Other	**7 195 619**	**7 140 633**	**6 086 791**
- collateral received	7 195 619	7 140 633	6 085 247
- other	0	0	1 544

5. Statement of Changes in Consolidated Equity

Changes in the period 01.01.2010 – 31.03.2010

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

Changes in the period 01.01.2009 – 31.12.2009

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings/loss	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Minority interest	Total equity
Equity at opening balance – as of 01.01.2009	**1 358 294**	**604 966**	**97 938**	**240 942**	**-733**	**344 106**	**0**	**2 645 513**	**0**	**2 645 513**
Valuation of financial assets available-for-sale			-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 – 31.03.2009

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies	Retained earnings/loss	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Minority interest	Total equity
Equity at opening balance – as of 01.01.2009	**1 358 294**	**604 966**	**97 938**	**240 942**	**-733**	**344 106**	**0**	**2 645 513**	**0**	**2 645 513**
Valuation of financial assets available-for-sale			-76 744					-76 744		-76 744
Effects of valuation of derivatives designated for cash flow hedge			-72 586					-72 586		-72 586
Deferred tax on items recognized in equity			28 373					28 373		28 373
Net profit/loss recognized directly in the equity			**-120 957**					**-120 957**		**-120 957**
Net profit/loss for the period							-36 506	-36 506		-36 506
Total of recognized income and expenses			**-120 957**				**-36 506**	**-157 463**		**-157 463**
Other changes					733	-733				0
Equity at end of period – as of 31.03.2009	**1 358 294**	**604 966**	**-23 019**	**240 942**	**0**	**343 373**	**-36 506**	**2 488 050**	**0**	**2 488 050**

6. Consolidated Cash Flow Statement

in PLN '000'	1st quarter of 2010 01.01.2010 - 31.03.2010	1st quarter of 2009 01.01.2009 - 31.03.2009
Net cash flow from operating activities		
Net profit (loss)	**59 557**	**-36 506**
Adjustments to net profit (loss) and net cash from operating activities:	**1 137 405**	**464 633**
Current and deferred tax recognized in financial result	19 069	-10 279
Non-realised profit (loss) from currency translation differences	-59 519	-34 105
Investing and financing activities	**-88 381**	**156 541**
Depreciation	26 379	28 709
Share in profit (loss) of associates	-664	-335
Net increase/decrease in impairment	70 100	133 386
Dividends	-253	0
Interest	-186 388	-27 659
Net increase/decrease in provisions	5 584	24 858
Profit (loss) on disposal of investments	-3 139	-2 418
Net increase/decrease in operating assets (excluding cash)	**860 719**	**-2 984 746**
Net increase/decrease in loans and advances to banks	25 525	-10 717
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	52 264	-404 996
Net increase/decrease in receivables arising from repurchase transactions	299 640	-336 247
Net increase/decrease in gross loans and advances to customers	522 556	-2 166 339
Net increase/decrease in income tax receivables	-18 638	0
Paid income tax	-29 336	-65 159
Net increase/decrease in other assets	8 708	-1 288
Net increase/decrease in operating liabilities	**405 517**	**3 337 222**
Net increase/decrease in amounts due to Central Bank	-1 113 805	-738 330
Net increase/decrease in amounts due to banks	-776 204	1 085 199
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	38 535	-189 459
Net increase/decrease in amounts due to customers	2 035 909	1 923 864
Net increase/decrease in liabilities arising from repurchase transactions	146 873	1 308 012
Net increase/decrease in other liabilities	74 209	-52 064
Net cash flow from operating activities	**1 196 962**	**428 127**

in PLN '000'	1st quarter of 2010 01.01.2010 - 31.03.2010	1st quarter of 2009 01.01.2009 - 31.03.2009
Net cash flow from investing activities		
Inflows	**4 368 615**	**602 200**
Disposal of property, plant and equipment, intangible assets and investment properties	894	1 041
Disposal of investment securities	4 231 317	533 849
Dividends	253	0
Interest received	136 151	67 310
Outflows	**-5 355 632**	**-611 088**
Acquisition of property, plant and equipment, intangible assets and investment properties	-11 331	-17 891
Acquisition of investment securities	-5 344 301	-593 197
Net cash flow from investing activities	**-987 017**	**-8 888**
Cash flow from financing activities		
Inflows	**21 830**	**797 401**
Proceeds from a subordinated loan	0	75 000
Proceeds from loans and advances	21 830	722 401
Outflows	**-25 260**	**-671 525**
Repayment of loans and advances	0	-600 000
Other financial outflows	-25 260	-71 525
Net cash flow from financing activities	**-3 430**	**125 876**

Net increase/decrease in cash	**206 515**	**545 115**
Cash at the beginning of the period	**1 191 141**	**961 253**
Cash at the end of the period, including:	**1 397 656**	**1 506 368**
Restricted cash	797 294	948 377

7. Basis of preparation

Pursuant to Article 55 Clause 6a of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2009, No. 152, item 1223 with further amendments) ('the Act'), effectively from 01.01.2005, consolidated financial statements of Kredyt Bank S.A. Capital Group ('the Group') have been prepared in compliance with the International Accounting Standards ('IAS') and the International Financial Reporting Standards ('IFRS') that were approved by the European Commission.

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

The interim consolidated financial report for the first quarter of 2010 has been prepared in line with the IAS/IFRS as in force at the date of this report. Specifically, this report has been prepared in accordance with IAS 34 Interim Financial Reporting, and matters not governed by the IFRS must comply with the Act and the provisions of the Ordinance by the Minister of Finance dated 19 February 2009 on current and interim information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2009, No. 33, item 259).

8. The Group's financial standing at the end of the first quarter of 2010

8.1. Income Statement

Group's net result and result before tax

In the first quarter of 2010, the Group generated net profit amounting to PLN 59,557 thousand, as compared to net loss incurred in the first quarter of 2009 amounting to PLN 36,506 thousand. The significant difference between the net profit generated in the first quarter of 2010 as compared to the first quarter of 2009 results mainly from the decrease in 'Net impairment losses on financial assets, other assets and provisions', whose negative balance as at 31.03.2010 amounted to PLN 97,589 thousand, whereas, as at 31.03.2009, the balance amounted to PLN 184,317 thousand, and also from lower general and administrative expenses – by PLN 45,559 thousand and higher net interest income – by PLN 29,417 thousand. The changes were partially set off by lower, by PLN 45,048 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 first quarter of 2010, as compared to the first quarter of 2009 remained at a similar level (a decrease by 1.8%), while general and administrative expenses fell by 16.8%

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

in PLN '000'	**1st quarter of 2010**	**1st quarter of 2009**	**Change (%)**
Net interest income	276 579	247 162	11.9%
Net fee and commission income	80 409	72 375	11.1%
Net gains from trading and investment activities*	27 909	72 957	-61.7%
Net gains from other operating income/expenses	15 537	15 145	2.6%
Total	**400 434**	**407 639**	**-1.8%**
General and administrative expenses	-224 883	-270 442	-16.8%
Net impairment losses on financial assets, other assets and provisions	-97 589	-184 317	-47.1%
Total	**-322 472**	**-454 759**	**-29.1%**
Share in profit (loss) of associates	664	335	98.2%
Profit (loss) before tax	**78 626**	**-46 785**	**-268.1%**
Income tax expense	-19 069	10 279	-285.5%
Net profit (loss)	**59 557**	**-36 506**	**-263.1%**

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

Net interest, fee and commission income

Net interest income generated by the Group in the first quarter of 2010 amounted to PLN 276,579 thousand and was higher by 11.9% than the result generated in the first quarter of 2009, mainly due to the increase in net interest income on debt securities and the decrease in expenses due to the reduction of interest rates on accepted term deposits and deposits on the market.

Net fee and commission income in the first quarter of 2010 amounted to PLN 80,409 thousand and was higher, by PLN 8,034 thousand (by 11.1%), than net income generated in the first quarter of 2009, mainly due to the increase in income from the distribution and management of combined investment and insurance products by PLN 7,704 thousand.

Net gains from trading and investment activities

In the first 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 27,909 thousand as compared to PLN 72,957 thousand recorded in the first quarter of 2009. Lower net gains from trading and investment activities as compared to the corresponding period in the previous year was mainly the derivative of the lower result on foreign exchange and lower result on derivatives (IRS).

Net gains from other operating income/expenses

Net gains from other operating activities in the first quarter of 2010 amounted to PLN 15,537 thousand and were higher by 2.6% than the figure in the first quarter of 2009. Rental income in Reliz is the main item which affects other operating income on a continuous basis. In the first quarter of 2010, the income of Reliz (after consolidation exclusions) amounted to PLN 7,875 thousand and was lower by PLN 849 thousand as compared to the first quarter of 2009 (the decrease results from currency translation differences). In the first quarter of 2010, as compared to the corresponding period in the previous year, the Group recorded also higher, by PLN 2,402 thousand, inflows related to the receivables previously written off the balance sheet and higher, by PLN 1,252 thousand, debt recovery expenses.

General and administrative expenses

	1st quarter of 2010	1st quarter of 2009*	Change (%)
Staff costs	**101 427**	**125 245**	**-19.0%**
General expenses, including:	**97 077**	**116 488**	**-16.7%**
- costs of buildings lease	20 705	25 699	-19.4%
- IT and telecommunications costs	15 258	17 681	-13.7%
- maintenance and repairs costs	5 525	5 041	9.6%
- energy costs	5 627	6 044	-6.9%
- costs of advisory and specialist services	4 921	7 031	-30.0%
- postal charges	7 288	9 367	-22.2%
- transportation services	3 493	3 616	-3.4%
- property protection costs	2 255	2 778	-18.8%
- taxes and fees	21 862	25 736	-15.1%
- promotion and advertising services	4 217	3 877	8.8%
- purchase of other materials	689	1 965	-64.9%
- training expenses	550	882	-37.6%
- business trips	355	492	-27.8%
- other	4 332	6 279	-31.0%
Depreciation	**26 379**	**28 709**	**-8.1%**
Total	**224 883**	**270 442**	**-16.8%**

**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 quarter of 2009 presented in these financial statements were properly restated.*

Employment *	31.03.2010	31.03.2009	Change	Change (%)
KB	4 741	5 393	-652	-12%
Other companies	89	1 461	-1 372	-94%
Total	**4 830**	**6 854**	**-2 024**	**-30%**

** Figures in FTEs.*

The Group's general and administrative expenses in the first quarter of 2010 amounted to PLN 224,883 thousand and, as compared to the first quarter of 2009, decreased by 16.8%. The sale and deconsolidation of Żagiel S.A. in the fourth quarter of 2009 are one of the main reasons. 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.

In the first quarter of 2010, staff costs amounted to PLN 101,427 thousand, which means a decrease as compared to the first quarter of 2009 by PLN 23,818 thousand (19.0%). The decrease in staff costs in the first quarter of 2010 as compared to the corresponding period in 2009 results mainly from the decrease in the employment in the Group.

At the end of the first quarter of 2010, the employment in the Group decreased by 2,024 FTEs, as compared to the end of the first quarter of 2009, including the decrease by 1,240 FTEs related to the sale of the shares of Żagiel. Furthermore, 117 former employees of Żagiel were employed in Kredyt Bank.

In the first quarter of 2010, general expenses decreased by PLN 19,411 thousand as compared to the first quarter of 2009. The decrease in general expenses resulted mainly from the decrease in:

- costs of buildings lease (PLN 4,994 thousand);
- costs of taxes and fees (PLN 3,874 thousand);
- IT and telecommunications costs (PLN 2,423 thousand);
- costs of advisory and specialist services (PLN 2,110 thousand);
- postal charges (PLN 2,079 thousand);
- other costs (PLN 1,947 thousand), mainly costs of intermediaries incurred by Żagiel.

Cost/income ratio (CIR)

The cost/income ratio in the first quarter of 2010 amounted to 56.2% and was much improved as compared to 66.3% in the first quarter of 2009, due to the material decrease in expenses (by 16.8%) against a slight decrease in income (by 1.8%).

Net impairment losses on financial assets, other assets and provisions

	1st quarter of 2010	1st quarter of 2009
Retail Segment	-80 790	-78 286
Enterprises Segment	-7 241	-102 320
Other provisions	-9 558	-3 711
Result on provisions	**-97 589**	**-184 317**

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 31.03.2009. The details have been described in section I.8.7.

In the first quarter of 2010, the Group recorded a negative balance of net impairment losses on financial assets, other assets and provisions of PLN 97,589 thousand, as compared to the negative balance in the first quarter of 2009 amounting to PLN 184,317 thousand.

The balance of impairment losses for the Retail Segment in the first quarter of 2010 includes impairment losses on loans and advances to customers of the Consumer Finance Segment amounting to PLN 51,427 thousand.

The balance of other provisions in the first quarter of 2010 comprises the amount of provisions for potential litigations in subsidiaries.

Corporate income tax

The debit due to the income tax in the Group in the first quarter of 2010 amounted to PLN 19,069 thousand, as compared to the credit to the Group's net profit in the first quarter of 2009 of PLN 10,279 thousand. The effective tax rate in the first quarter of 2010 was at the level of 24.3% as compared to 22.0% for the first quarter of 2009, and it was distorted mainly by non-tax financial expenses as a result of 'thin capitalisation' and impairment losses being non-deductible expenditure.

8.2. Assets and liabilities

Gross loans and advances to customers

The value of gross loans and advances to customers at the end of the first quarter of 2010 decreased by 10.2% as compared to the corresponding period in the previous year. The decrease in loans and advances to customers in the previous year was related mainly to term loans of corporate customers.

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

Investment securities portfolio

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

Derivatives

At the end of the first quarter of 2010, the Group's net item resulting from the valuation of derivatives was open and amounted to PLN 32.3 million as compared to PLN 30.3 million at the end of the fourth quarter of 2009 and to PLN 371.9 million at the end of the first quarter of 2009. The decrease at the end of the first quarter of 2010 as compared to the end of the first quarter of 2009 resulted mainly from the decrease in the nominal value of transactions by ca. 50%. Despite the decrease in net item resulting from the valuation of derivatives, the credit risk related to such transactions is still monitored on an ongoing basis by the Credit Committee in the Bank.

Amounts due to banks and subordinated liabilities

in PLN '000'	**31.03.2010**	**31.12.2009**	**31.03.2009**
Loans and advances from KBC Group	6 640 444	6 818 610	7 437 095
- including loans and advances in foreign currencies	*6 016 573*	*6 216 705*	*6 261 861*
Term deposits	1 753 656	1 699 362	3 903 836
- including term deposits from KBC Group	*1 630 857*	*1 696 985*	*3 619 828*
Current accounts	1 928 121	2 560 645	1 971 880
Other liabilities	4 851	3 073	3 577
Total amounts due to banks	**10 327 072**	**11 081 690**	**13 316 388**
Subordinated liabilities (from KBC Group)	788 399	805 816	384 220
Total	**11 115 471**	**11 887 506**	**13 700 608**

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

Customers' deposits portfolio

Customers' deposits at the end of the first quarter of 2010 increased by 9.1% as compared to the end of the fourth quarter of 2009, and increased by 10.4% as compared to the end of the first quarter of 2009. Over the last 12 months, the increase in deposits was recorded mainly in the retail customers segment in the portfolio of current accounts by ca. PLN 4.5 billion (savings accounts).

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

8.2.1. Corporate and SME banking

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

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

in PLN '000'	**31.03.2010**	**31.12.2009**	**31.03.2009**
Corporate and SME customers			
- overdraft facilities	1 601 624	1 468 747	2 085 997
- term loans*	4 948 881	5 464 609	6 773 856
- purchased debt	116 962	141 546	149 256
- realised guarantees	5 317	5 384	6 539
- other receivables (including leasing fees)	505 138	537 221	604 070
Total**	**7 177 922**	**7 617 507**	**9 619 718**
Budgetary sector			
- overdraft facilities	9 646	1 828	1 824
- term loans*	198 946	216 535	257 179
Total**	**208 592**	**218 363**	**259 003**

** mainly investment loans and working capital loans*
*** in gross terms*

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

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

in PLN '000'	**31.03.2010**	**31.12.2009**	**31.03.2009**
Corporate and SME customers			
- current accounts	2 387 067	2 540 948	2 226 901
- term deposits	4 353 628	3 904 049	5 507 519
- including 'Warta Gwarancja' product	*692 005*	*968 857*	*1 911 628*
- loans and advances	142	144	147
- other	53 439	16 688	2 632
Total	**6 794 276**	**6 461 829**	**7 737 199**

in PLN '000'	31.03.2010	31.12.2009	31.03.2009
Budgetary sector			
- current accounts	1 313 856	1 267 811	1 378 373
- term deposits	987 826	531 407	565 161
- other	0	0	85
Total	**2 301 682**	**1 799 218**	**1 943 619**

The value of the portfolio of term deposits of corporate customers at the end of the first quarter of 2010 as compared to the first quarter of 2009 decreased by PLN 1.2 billion, which results mainly from the decrease in the value of deposits in the Bank made by TUnŻ Warta S.A. concerning the sale of 'Warta Gwarancja' product (a decrease by PLN 1.2 billion) offered by the insurance company to retail customers.

The value of the portfolio of term deposits of corporate customers at the end of the first quarter of 2010 as compared to the fourth quarter of 2009, 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 0.4 billion, which was an effect of competitive interest rate terms for such products offered by the Bank.

8.2.2. Retail banking

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

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

in PLN '000'	31.03.2010	31.12.2009	31.03.2009
- overdraft facilities	879 468	793 184	773 785
- purchased debt	7 653	7 440	10 676
- term loans*	802 641	829 717	1 024 440
- instalment and cash loans, and cards	4 137 894	4 118 645	3 812 277
- mortgages	13 531 512	13 685 315	14 305 102
- realised guarantees	1 519	1 519	1 519
- other receivables	27 987	26 054	20 466
Total**	**19 388 674**	**19 461 874**	**19 948 265**

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

The decrease in the balance of retail customers' loans as at 31.03.2010 as compared to 31.03.2009 amounted to 2.8% and, as compared to the end of 2009, the balance remained at a similar level.

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

in PLN '000'	31.03.2010	31.12.2009	31.03.2009
- current accounts	11 309 905	10 109 149	6 836 705
- term deposits	4 058 734	4 022 658	5 523 197
- other	40 466	76 300	158 511
Total	**15 409 105**	**14 208 107**	**12 518 413**

The Bank's long-term strategy assumes maintaining a permanent deposits base sourced from customers, hence, in the second quarter and in the third quarter of 2009 as well as in the first quarter of 2010, Kredyt Bank 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 31.03.2010 as compared to 31.12.2009 by PLN 1.2 billion, and, as compared to 31.03.2009 – by PLN 4.5 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 segment.

Instalment and cash loans, and credit 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 introduced in 2009 were also in force in the first quarter of 2010.

As a result, the sale of retail loans and advances through Żagiel's distribution network in the first quarter of 2010 amounted to PLN 299 million, i.e. decreased by 13.9% as compared to the fourth quarter of 2009 and by 47.4% against the level in the first quarter of 2009.

in PLN '000'	**1st quarter of 2010**	**4th quarter of 2009**	**1st quarter of 2009**
Instalment and cash loans, and cards			
Gross value of the portfolio at the end of the quarter, including:	4 137 894	4 118 645	3 812 277
Loans granted via Żagiel			
Gross value of the portfolio at the end of the quarter*	2 479 733	2 579 558	2 819 443
Number of loans granted in the quarter (in '000')**	145	170	206
Value of loans granted in the quarter:**	298 508	346 746	567 282
- instalment loans	293 562	345 478	194 649
- cash loans	4 946	1 268	372 633

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

in thousands	**31.03.2010**	**31.12.2009**	**31.03.2009**
Credit cards (aggregate for KB and Żagiel S.A.)	220	228	254

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 gross value of the portfolio of mortgages in the first quarter of 2010 as compared to the fourth quarter of 2009 decreased by 1.1% and, as compared to the corresponding period in the previous year, by 5.4%, mainly due to the appreciation of the Polish zloty against the Swiss franc.

in PLN '000'	**1st quarter of 2010**	**4th quarter of 2009**	**1st quarter of 2009**
Mortgages			
Gross value of the portfolio at the end of the quarter	13 531 512	13 685 315	14 305 102
Number of loans granted in the quarter (in '000')	1.7	1.7	2.1
Value of loans granted in the quarter*	331 721	328 224	414 940

* new loans

Current accounts for individual clients

in PLN '000'	**31.03.2010**	**31.12.2009**	**31.03.2009**
Current accounts			
Carrying amount at quarter end	11 309 905	10 109 149	6 836 705
Including ROR accounts *			
Number (in '000')	624	612	593
Carrying amount	1 108 430	1 123 428	1 259 110
Including Savings Account *			
Number (in '000')	547	496	400
Carrying amount	8 989 697	7 626 000	4 400 995

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

As at 31.03.2010, the number of current-savings accounts (ROR) increased by 2.0% as compared to figures at 31.12.2009 and was higher by 5.2% as compared to figures at 31.03.2009. The carrying amount of cash on ROR accounts for individual customers at the end of the first quarter of 2010 decreased as compared to the end of 2009 by 1.3% and by 12.0% as compared to the end of the first quarter of 2009.

At the end of the first quarter of 2010, the number of savings accounts increased by 10.3% as compared to the end of 2009, and by 36.8% as compared to the end of the first quarter of 2009. At the end of the first quarter of 2009, the value of deposited cash increased by 17.9% as compared to figures at the end of 2009 and increased by 104.3% as compared to the end of the first quarter of 2009. The high increase in the value of cash in the savings account in 2009 and in the first quarter of 2010 is an effect of Kredyt Bank's offer of competitive interest terms for the Savings Account.

Number of outlets

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

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

in units	**31.03.2010**	**31.12.2009**	**31.03.2009**
Bank's outlets	388	402	401
Outlets of Żagiel S.A. ('Kredyt Punkt' outlets)	0	0	349

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

Total net assets of KBC TFI funds (excluding non-registered funds) sold as at 31.03.2010 via the Bank's distribution network amounted to PLN 3,508,700 thousand. As compared to figures at 31.12.2009, they increased by 3.5%, and by 31.1% as compared to figures at 31.03.2009.

in PLN '000'	**31.03.2010**	**31.12.2009**	**31.03.2009**
Net assets of KBC TFI funds (excluding non-registered funds) sold via the Bank's distribution network	3 508 700	3 390 735	2 677 067
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.	73.8%	75.1%	74.2%

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

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

8.5. The quality of loans and advances portfolio

As at 31.03.2010, the quality ratio for the Group's gross loans and advances amounted to 9.1% and deteriorated in the first quarter of 2010 by 0.4 percentage points.

The Group, when estimating credit risk for individual credit exposures and loan portfolios, follows the overriding prudence concept. As at 31.03.2010, the coverage of loans and advances with evidence for impairment with impairment losses was at the level of 61.8% and increased by 1.4 percentage points as compared to 31.12.2009 and by 0.7 percentage points as compared to 31.03.2009.

in PLN '000'	**31.03.2010**	**31.12.2009**	**31.03.2009**
Loans and advances with no evidence for impairment	24 325 611	24 919 522	28 238 502
Loans and advances with evidence for impairment	2 449 577	2 378 222	1 588 484
Total gross loan and advances to customers	**26 775 188**	**27 297 744**	**29 826 986**
Impairment losses on loans and advances to customers	1 651 728	1 575 886	1 059 041
including: impairment on loans and advances with evidence for impairment	1 514 471	1 435 829	970 555
Total net loans and advances to customers	**25 123 460**	**25 721 858**	**28 767 945**
The share of loans and advances with evidence for impairment in total gross loans and advances	9.1%	8.7%	5.3%
Coverage of loans and advances with evidence for impairment with corresponding impairment	61.8%	60.4%	61.1%
Coverage of gross loans and advances to customers with corresponding impairment	6.2%	5.8%	3.6%

8.6. Capital adequacy ratio

The Group's capital adequacy ratio was calculated in compliance with the regulations of the National Bank of Poland in force and, as of 31.03.2010, amounted to 12.36% as compared to 8.46% recorded as of 31.03.2009. The increase in the adequacy ratio as compared to the state as at 31.03.2009 was possible mainly due to the recognition of a subordinated loan of CHF 165 million in the supplementary funds, and also due to the decline in risk-weighted assets. The Group applies the standardized approach to credit risk calculation.

As at 31.03.2010, as compared to 31.12.2009, the capital adequacy ratio increased from 11.82%, i.e. by 0.54 percentage points.

The ratio calculated only with the use of own basic capitals amounted as at 31.03.2010 to 9.19%, to 7.27% as at 31.03.2009, and to 8.79% as at 31.12.2009.

8.7. Income and results by operating segments

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

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

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

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

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

Retail Segment

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

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

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

Treasury Segment

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

Other

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

In addition, this category includes the results of the operations of Reliz and Kredyt Trade.

Respective eliminations were made for the presentation of the results of particular segments.

Additional clarifications

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

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

Net commission income and other net income entails:

- commissions for maintaining accounts and making transactions;

- commissions related to credit, debit and other cards;

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

- commissions related to insurance products;

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

- other net income including net income from other commissions and net income from other operating income and expenses (including the reversal of provisions due to the sale of debt).

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

The result for the Treasury Segment is the aggregate of the following items from the financial statements:

- net trading income increased with the provision for potential losses related to open/active derivatives and decreased in 2010 with the valuation of embedded instruments related to the enterprises function and

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

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

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

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

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

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

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

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

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

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

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

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

in PLN '000'	Retail Segment	Enterprises Segment	Treasury Segment	Other	Total
Net interest income, including:	**208 723**	**74 300**	**-21 259**	**-714**	**261 050**
- lending activities	192 448	45 389	0	-752	237 085
- depositing activities	19 169	31 081	0	38	50 288
- the cost of financing cash kept in the Bank's branches	-2 894	-2 170	5 064	0	0
Net commission income and other net income	**43 421**	**21 005**	**0**	**9 206**	**73 632**
- commissions related to keeping accounts and transactions	20 467	10 835	0	303	31 605
- commissions related to cards	16 432	1 108	0	0	17 540
- commissions related to shares in investment funds societies	6 079	365	0	0	6 444
- commissions related to insurance products	-6 012	-75	0	0	-6 087
- commissions related to foreign transactions	102	3 411	0	116	3 629
- other	6 353	5 361	0	8 787	20 501
Net income from treasury transactions	**4 876**	**13 678**	**49 573**	**7 312**	**75 439**
- exchange transactions	4 813	11 560	28 493	7 526	52 392
- derivatives and securities	63	2 118	21 080	-214	23 047
Net gains from investment activities	**0**	**0**	**0**	**4 150**	**4 150**
Operating income before tax	**257 020**	**108 983**	**28 314**	**19 954**	**414 271**
Net impairment losses on financial assets, other assets and provisions	**-76 232**	**-113 378**	**0**	**-1 339**	**-190 949**
Group's general and administrative expenses, including:	**-217 257**	**-34 550**	**-13 063**	**-5 572**	**-270 442**
- the costs of the operation of business functions (direct costs)	-158 258	-26 328	-9 211	-47 936	-241 733
- allocated costs	-36 401	-6 240	-2 663	45 304	0
- depreciation (direct costs)	-13 972	-503	-559	-13 675	-28 709
- depreciation (allocated costs)	-8 626	-1 479	-630	10 735	0
Net operating income	**-36 469**	**-38 945**	**15 251**	**13 043**	**-47 120**
Share in profit (loss) of associates					335
Income tax expense					10 279
Net profit/loss					**-36 506**

Assets by business segments as at 31.03.2010

in PLN '000'	Retail Segment	Enterprises Segment	Treasury Segment	Other	Total
Loans and advances to customers	18 152 633	8 531 309	0	0	26 683 942
Loans and advances to banks	0	0	429 415	0	429 415
Securities	0	0	11 398 150	0	11 398 150
Other	0	0	609 538	514 599	1 124 137
Total	**18 152 633**	**8 531 309**	**12 437 103**	**514 599**	**39 635 644**

Assets by business segments as at 31.12.2009 (comparable data)

in PLN '000'	Retail Segment	Enterprises Segment	Treasury Segment	Other	Total
Loans and advances to customers	18 257 558	8 949 093	0	0	27 206 651
Loans and advances to banks	0	0	188 526	0	188 526
Securities	0	0	10 124 991	0	10 124 991
Other	0	0	571 411	985 019	1 556 430
Total	**18 257 558**	**8 949 093**	**10 884 928**	**985 019**	**39 076 598**

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

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

in PLN '000'	**01.01.2009-31.03.2009**
Net interest income – management information	**261 050**
- commissions on loans	14 416
+ operating expenses (interest on finance lease)	-641
+ operating income (the collection of statutory interest)	2 008
+ commissions related to foreign transactions	84
+ other	-923
Net interest income – financial statements	**247 162**
Net commission income and other net income – management information	**73 632**
+ commissions on loans	14 416
- operating expenses (interest on finance lease)	-641
- operating income (the collection of statutory interest)	2 008
- commissions related to foreign transactions	84
- other	-923
Net commission income and other income – financial statements – presented as:	**87 520**
Net fee and commission income	72 375
Other operating income	28 507
Other operating expenses	-13 362
Net income from treasury transactions – management information	**75 439**
+ provision for potential losses related to active derivatives	-6 632
Net trading income and net result on derivatives used as hedging instruments – financial statements – presented as:	**68 807**
Net trading income	67 661
Net result on derivatives used as hedging instruments and hedged items	1 146
Net gains from investment activities – management information	**4 150**
Net gains from investment activities and dividend income – financial statements – presented as:	**4 150**
Net gains from investment activities	4 150
Dividend income	0
Operating income before tax – management information	**414 271**
+ provision for potential losses related to active derivatives	-6 632
Operating income before tax – financial statements – presented as:	**407 639**
Total operating income	421 001
Other operating expenses	-13 362
Net impairment losses on financial assets, other assets and provisions – management information	**-190 949**
- provision for potential losses related to active derivatives	-6 632
Net impairment losses on financial assets, other assets and provisions – financial statements	**-184 317**

in PLN '000'	Management information	Interest	Financial statements
31.03.2010			
Loans and advances to customers	26 683 942	91 246	26 775 188
Loans and advances to banks	429 415	1 730	431 145
31.12.2009 (comparable data)			
Loans and advances to customers	27 206 651	91 093	27 297 744
Loans and advances to banks	188 526	1 487	190 013

in PLN '000'	**31.03.2010**
Securities – management information	**11 398 150**
Securities – financial statements – presented as:	**11 398 150**
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 333 308
Investment securities	10 064 842
	Comparable data 31.12.2009
Securities – management information	**10 124 991**
Securities – financial statements – presented as:	**10 124 991**
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 335 349
Investment securities	8 789 642

9. Information on dividend

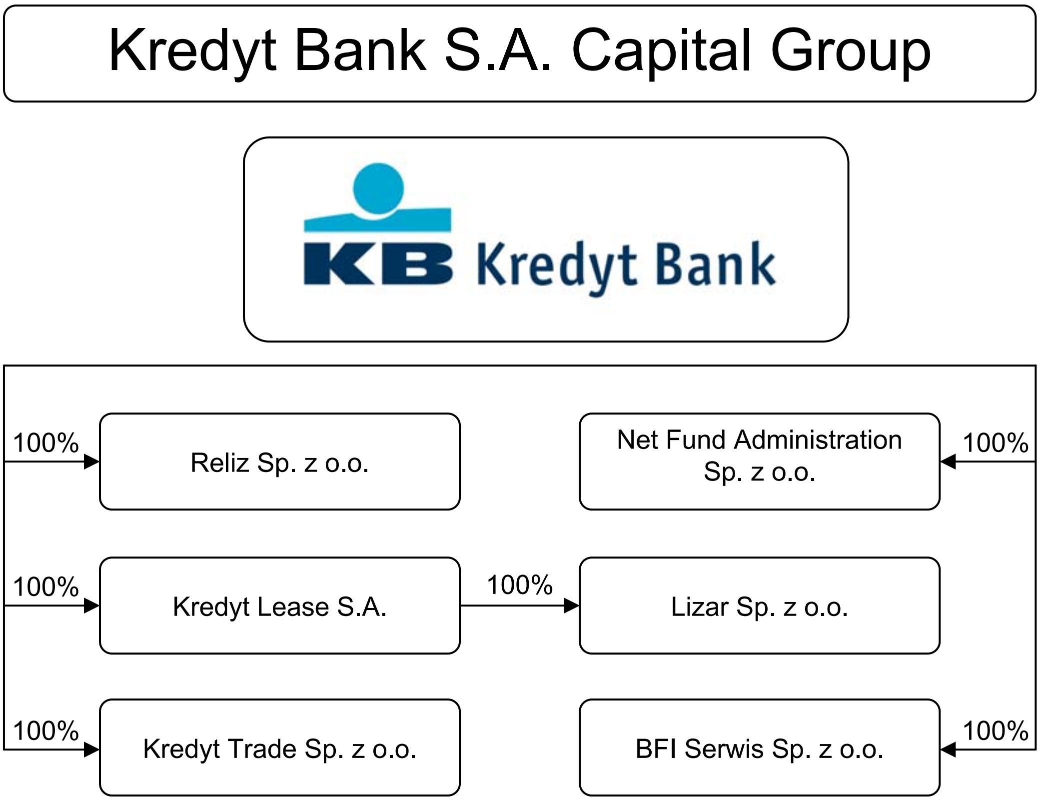
The Supervisory Board approved the draft Resolution concerning the distribution of profit for 2009 at the Ordinary General Meeting of Shareholders of Kredyt Bank S.A. held on 26.04.2010.

The above-mentioned draft Resolution concerning the distribution of profit for 2009 provides for the allocation of the total net profit for the financial year 2009 to increase the Bank's basic funds.

10. Group's structure

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

Below, we present the composition and ownership structure of the Group as of 31.03.2010.



As of 31.03.2010, the following companies were consolidated with the full method: Kredyt Lease S.A., Kredyt Trade Sp. z o.o. and Reliz Sp. z o.o.

As at 31.03.2010 as compared to 31.03.2009, due to the sale of shares of the subsidiary Żagiel S.A., the scope of the consolidation has changed.

Due to the immateriality of their operations and financial figures, the Group does not consolidate financial statements of the following entities: Lizar Sp. z o.o., Net Fund Administration Sp. z o.o. (former Net Banking Sp. z o.o.) and BFI Serwis Sp. z o.o.

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.

11. Comparable data

Comparable data included in this financial report for previous reporting periods take into account presentation changes introduced to the financial statements as of 31.03.2010.

Consolidated Income Statement

in PLN '000'	Published data	Changes	Comparable data	Clarifications
	1st quarter of 2009 **01.01.2009 - 31.03.2009**		**1st quarter of 2009** **01.01.2009 - 31.03.2009**	
General and administrative expenses	-270 159	-283	-270 442	a)
Other operating expenses	-13 645	283	-13 362	a)

Clarification of major reclassifications:

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

12. Description of applied accounting principles and material accounting estimates

The Group did not introduce any material changes in the applied accounting principles and methods of performing accounting estimates as compared to the principles and methods described in the Group's published consolidated financial statements as of 31.12.2009. The preparation of financial statements in line with the IFRS requires a professional judgment of the Bank's Management Board and Management Boards of the Group's companies on the adopted accounting principles and accounting estimates applied with respect to balance sheet items and income statement items. Estimates are related to uncertain future events and are made basing on historical data and a number of assumptions based on the facts available as at the balance sheet date, resulting from internal and external conditions. The actual results of future business operations may differ from the present accounting estimates as at the balance sheet date. Therefore, accounting estimates are verified on a regular basis. Changes in estimates are recognized in the financial statements in the period they were introduced. If such changes are also related to future periods, the assumptions being the basis for the estimates for future periods are also adjusted.

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

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

12.1. Classification and measurement of financial assets and liabilities

Financial assets and liabilities at fair value through profit or loss

This category includes:

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

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

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

Outflows from assets disposal are calculated with the FIFO method.

Financial derivatives are recognized at fair value, without deductions of transaction expenses that can be incurred at the disposal. The transaction price is the best indicator of fair value at the initial recognition of a derivative. The valuation of derivatives also includes credit risk; the respective impairment charges are recognized in the income statement. Derivatives with positive valuation as at the date of measurement are recognized in the balance sheet as assets, and derivatives with negative valuation from measurement – as liabilities.

Held-to-maturity investments

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable cash flow that are not quoted on an active market. Loans and receivables arise when the Bank disburses cash to customers for purposes other than generating short-term trading gains. This category includes loans and advances to banks and customers, including purchased debts.

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

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

Available-for-sale financial assets

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

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

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

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

Outflows from assets disposal are calculated with the FIFO method.

Financial liabilities not held for trading

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

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

Hedge accounting

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

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

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

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

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

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

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

Effective interest rate method

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

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

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

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

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

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

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

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

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

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

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

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

Evidence for impairment

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

- significant financial problems of an issuer or a debtor;
- a breach of contract, e.g. failure to pay or delaying payment of interest or the principal amount;
- granting a facility by the lender to the borrower, for economic or legal reasons related to the borrower's financial problems, where such a facility would not have been granted otherwise;
- high probability of the borrower's bankruptcy or their another financial reorganisation.
- in the case of cash loans, exceeding specific thresholds concerning the following factors: monthly net income to monthly fixed costs; current debt to monthly fixed net income; the number of cash loans managed by the customer; and the number of received cash loans during the last 12 months.

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

Measurement of individual impairment

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

Measurement of collective impairment

A collective analysis is conducted in the following cases:

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

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

- fluctuations in the receivables portfolios;

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

12.3. Value of deferred tax assets

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

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

12.4. Investment properties

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

13. Post-balance sheet events

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 the performance of the agreement on the provision of services related to the management of the portfolio of investment funds, informed that, as at 9.04.2010, the portfolio of Pioneer FIO had comprised the total of 20,040,203 shares of Kredyt Bank S.A. accounting for 7.38% of the share capital and giving the right to 7.38% of the total number of votes at the General Meeting of Shareholders of Kredyt Bank S.A. The above change was introduced solely as a result of the transformation of open-end investment funds established by Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych S.A. into sub-funds of Pioneer FIO.

The Supervisory Board of Kredyt Bank S.A., at its meeting held on 26.04.2010, appointed, from 26.04.2010, Mr. Zbigniew Kudaś for the position of a Member and Vice President of the Management Board, who, as the Chief Operating Officer, would 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.

The Supervisory Board of Kredyt Bank S.A., under § 24 Clause 1 item 3 of the Bank's Statutes, upon the request of the Bank's Management Board, on 26.04.2010 appointed the certified auditor, Ernst & Young Audit Sp. z o.o., with its registered office in Warsaw, Rondo ONZ 1, registry No. 130, to perform an independent review and audit of financial statements of Kredyt Bank S.A. and of consolidated financial statements of Kredyt Bank S.A. Capital Group as of 30.06.2010 and 31.12.2010.

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

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

The table below presents the list of major shareholders of Kredyt Bank S.A. as at 31.03.2010.

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

** By the Resolution of the Commission for Banking Supervision No. 81/KNB/01 of 17 September 2001, KBC Bank N.V. is entitled to exercise no more than 75% of votes at the General Meeting of Shareholders of Kredyt Bank S.A.*
** Figures as at 09.09.2009 received from KBC Group NV and KBC Bank NV

On 18.12.2007, the Management Board of Kredyt Bank S.A. was informed by Pioneer Pekao Investment Management S.A. (‘PPIM’ based in Warsaw) that, on 17.12.2007, PPIM had held over 5% of total votes at the General Meeting of Shareholders of Kredyt Bank S.A. concerning the financial instruments included in the portfolios managed within the services of managing broker-traded financial instruments upon order provided by PPIM and in performance of the agreement on the management of broker-traded financial instruments upon order, concluded between Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych S.A. and PPIM.

The present status of this issue has been described in section I.13 below.

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

As at 31.03.2010, Members of the Bank’s Management Board and of the Bank’s Supervisory Board did not hold any Bank’s shares or shares in the Bank’s subsidiaries and associates.

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

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

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

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

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

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

- A trustee in bankruptcy of a company operating in the real estate developing sector (the name of the company is subject to confidentiality application) claims for payment of indemnity of PLN 32,256 thousand by the reason of effecting by the Bank of financial orders from the company's account on the basis of bank transfers orders and checks bearing a forged signature of one of the persons authorized to represent the company in dealings with the Bank. At the hearing on 21.11.2006, the plaintiff limited its claim for interest. The total amount claimed by the plaintiff equals PLN 20,665 thousand. On 20.03.2007, the court announced its decision and claimed the whole disputed amount with interest from the Bank. Having received the justification of the judgment, the Bank lodged the appeal and requested to summon the member of the company's management board who had forged signatures. By the judgment of 8.04.2008, the appeal court overruled the judgment of the court of first instance (in the judgment, the court stated that the limitation of claims for damages by lapse of time had not been examined) and referred the case to the circuit court to be re-examined. The first hearing at which the positions of the parties were established was held on 25.07.2008. At the hearing on 3.07.2009, the court continued the examination of the facts concerning the original bank transfer orders. At the hearing held on 30.12.2009, the court dismissed the lawsuit of the trustee in bankruptcy, adjudging for the Bank the reimbursement of the costs of the proceedings, including the costs of legal representation. The trustee in bankruptcy appealed against the above decision. The Bank filed the response to the trustee in bankruptcy's appeal.
- On 17.01.2001, the President of the Office for Competition and Customer Protection, upon the request of the Polish Organization of Commerce and Distribution (POHiD), initiated proceedings concerning competition-restricting practices on the payment cards market by VISA and MasterCard as well as 20 banks, including Kredyt Bank S.A. On 29.12.2006, the President of the Office for Competition and Customer Protection issued the decision in which:
  - they imposed a fine on Kredyt Bank of PLN 12,158.4 thousand;
  - HSBC Bank Polska S.A. was fined with PLN 193.0 thousand and the proceedings against this company were discontinued (under a binding agreement between HSBC and Kredyt Bank S.A., the fine for HSBC should be paid by Kredyt Bank S.A. as well).

  The decision was to be enforced immediately as regards the order to discontinue the practice of joint determination of the intercharge fee rate. On 17.01.2006 and 19.01.2007, appeals against Decision No. DAR 15/2006 of the President of the Office for Competition and Customer Protection were made on behalf of HSBC Bank Polska and Kredyt Bank. In this decision, the President of the Office for Competition and Customer Protection resolved that joint determination by the Banks, Visa and MasterCard of the interchange fee restricted competition.

On 18.01.2007, the President of the Office for Competition and Customer Protection issued a decision in which they obliged the banks to jointly and severally pay PLN 157.6 thousand to the Polish Organization of Commerce and Distribution (POHiD) as reimbursement of the proceedings costs. Kredyt Bank S.A. complained against this decision on 31.01.2007 and deemed it unjustified. The case was referred to the Economic Court in Warsaw which split the case into separate proceedings against each of the banks involved in the case. On 25.08.2008, the court decided to withhold the execution of the decision issued in the case of interchange fees. On 12.11.2008, the circuit court in Warsaw, the Competition and Customer Protection Court, issued a judgment amending the contested decision, in which the court stated that the Banks had not applied monopolistic practices in this respect.
On 3.02.2009, the Bank received the appeal against the judgment made by the President of the Office for Competition and Customer Protection. The Bank submitted its reply to the appeal of the President of the Office for Competition and Customer Protection. At the hearing held on 22.04.2010, the court issued a judgment by which it overruled the judgment of the circuit court and referred the case to the circuit court to be re-examined.

- In 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. On 31.07.2009, the circuit court in Katowice announced the judgment in the fraudulent conveyance proceedings, which ascertained the ineffectiveness, towards MZH, of the sale agreement concerning ‘Altus’ building concluded between the building owner and Reliz Sp. z o.o. The Bank filed the request to prepare and deliver the judgment with the justification, submitting means of appeal. On 12.03.2010, the appeal court overruled the judgment of the circuit court of 31.07.2009 and referred the case to the circuit court to be re-examined. The Bank’s legal advisor analysed the potential claims and the claims under court proceedings brought by MZH against BC 2000 which, if upheld, could be satisfied from ‘Altus’ real property which belongs to Reliz. In the Bank’s opinion, a part of potential claims is prescribed. No lawsuits were lodged to the portion of claims. In one of the cases, from the principal amount of PLN 17,287,328 claimed by MZH from BC 2000, the court, under its judgment of 23.10.2008, awarded the amount of PLN 7,066,347 to MZH, but dismissed the lawsuit in other respects. As a result of the appellate procedure, on 29.12.2009, the appeal court changed the judgment of the circuit court by increasing the amount of PLN 7,066,347.94 to PLN 9,954,452.94. In the Bank’s opinion, even in the case of the final disadvantageous solution of the case under the fraudulent conveyance charge, the risk of the satisfaction of claims by MZH from Reliz real property is estimated only as the part of the amount subject to the fraudulent conveyance charge.

- The claim to pay PLN 9 million is directly related to the effective debt recovery measures taken by the Bank against a beer producer and distributor. At the end of August and the beginning of September 2007, the court debt collector, acting upon the Bank’s request, seized the company’s account and collected PLN 8.7 million from the proceeds to the account. In the justification for the suit, the company challenges the legitimacy and legal grounds of the Bank’s debt collection process. It based its claim on the institution of groundless enrichment by the Bank concerning the collected amount and on the Bank’s liability in tort related to the company’s loss due to the Bank’s allegedly illegal debt collection process (concerning the remaining amount). The Bank replied to the lawsuit. At the hearing on 25.07.2008, the court closed the proceedings and, on 4.08.2008, rendered its judgment. The court awarded the whole claimed amount (including interest) and proceedings costs to the plaintiff. Both the plaintiff and the Bank appealed against this judgment. On 30.06.2009, the court dismissed the appeal of the plaintiff, taking the decision in the case in favour of the Bank. The written justification of the judgment was filed in the Bank on 22.09.2009. The plaintiff filed the last resort appeal against the judgment of 30.06.2009. The Bank filed its response to the plaintiff’s last resort appeal.

- 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 will be set by the court *ex officio*.
- The plaintiff (a company engaged in leasing activities) claims damages from Kredyt Bank S.A. and HSBC Bank Polska S.A. of PLN 89 million. In the justification of the lawsuit, the plaintiff claims that Prosper Bank S.A. (now HSBC Bank Polska S.A.), acting under the cooperation agreement concluded with a leasing company, wrote a bill of exchange which secured the agreement, and further lodged a lawsuit against this company in the proceedings by writ of payment for this bill of exchange and obtained the order for payment. In the plaintiff's opinion, Prosper Bank violated the bill agreement, wrote the bill of exchange incorrectly and lodged a completely unjustified lawsuit. The plaintiff claims that the order for payment of 11.01.1999 issued by the District Court resulted in the collapse of the company's financial situation; as a result, the plaintiff recorded damage to his assets of PLN 73.7 million increased with interest. On 9.04.2010, the court dismissed the plaintiff's lawsuit.

The Bank's Management Board is of the opinion that any risks related to the proceedings before courts or public administration authorities are properly secured by the provisions established by the Bank.

17. Related party transactions

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

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

As of 31.03.2010, the Bank issued guarantees with the total value of at least 10% of the Bank's equity, to one company and its subsidiaries. The guarantees were issued for the total amount of PLN 325,114 thousand.

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

As of 31.03.2010, 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 31.03.2009, neither the Bank nor its subsidiaries issued guarantees with the total value of at least 10% of the Bank's equity, to one company or entities of one capital group.

19. Seasonality or cyclical nature of operations

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

20. Non-typical factors and events

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

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

On 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.

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

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

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

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

- slower growth of household income due to the substantial decrease in the demand for labour (expected maintenance of the negative real growth rate of the wages fund and an increase in unemployment), which, in medium term, limits the chances for the fast recovery of the consumer demand and, in the short term, may translate to further deterioration of the quality of the portfolio of receivables in the area of instalment and cash loans;
- 'remortgage' of retail customers due to the limited use of information from BIK by the banking sector, and hence giving the opportunity to obtain many credits and loans by the same customer in multiple institutions, which may result in the insolvency of these customers;
- the persistence of the low demand for export, only partially compensated for, at the level of the financial results of companies, by the depreciation of the Polish zloty;
- in the medium–term perspective – a low level of investment activities in the sector of enterprises in view of demand restrictions;
- persisting high costs of long-term liquidity both in PLN and in foreign currencies;
- high costs of sourcing and maintaining deposits;
- a decrease in prices on the real properties market;

- potential new depreciation of the Polish zloty and, as a result, e.g. an increase in the risk due to the commitment of the Bank's customers to currency derivative transactions and the deterioration of the quality of the loans portfolio in foreign currencies;
- despite the significant improvement of sentiments on financial markets, the reconstruction of the demand for investment products offered by the Group seems to be quite unlikely in view of the persisting high aversion of customers to risk and in view of the still attractive deposit offer of the Bank.

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

1. Income Statement

in PLN '000'	1st quarter of 2010 01.01.2010 - 31.03.2010	1st quarter of 2009 01.01.2009 - 31.03.2009
Interest income	495 379	557 637
Interest expense	-256 773	-370 700
Net interest income	**238 606**	**186 937**
Fee and commission income	101 599	95 945
Fee and commission expense	-21 353	-27 048
Net fee and commission income	**80 246**	**68 897**
Dividend income	253	0
Net trading income	22 924	66 943
Net result on derivatives used as hedging instruments and hedged items	515	1 146
Net gains from investment activities	3 655	4 150
Other operating income	13 458	9 716
Total operating income	**359 657**	**337 789**
General and administrative expenses	-216 089	-222 331
Other operating expenses	-8 313	-8 165
Total operating expenses	**-224 402**	**-230 496**
Net impairment losses on financial assets, other assets and provisions	-86 072	-181 258
Net operating income	**49 183**	**-73 965**
Profit (loss) before tax	**49 183**	**-73 965**
Income tax expense	-11 595	14 993
Net profit (loss) from business activities	**37 588**	**-58 972**
Net profit (loss) from discontinued operations	0	0
Net profit (loss)	**37 588**	**-58 972**
Weighted average number of ordinary shares	271 658 880	271 658 880
Earnings per ordinary share (in PLN)	0.14	-0.22

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

2. Statement of Comprehensive Income

	1st quarter of 2010	**1st quarter of 2009**
in PLN ‘000’	**01.01.2010 - 31.03.2010**	**01.01.2009 - 31.03.2009**
Net profit/loss for the period	**37 588**	**-58 972**
Valuation of financial assets available-for-sale	85 505	-62 162
- including deferred tax	-20 057	14 582
Effects of valuation of derivatives designated for cash flow hedge	21 765	-58 795
- including deferred tax	-5 105	13 791
Other comprehensive income recognized directly in equity	**107 270**	**-120 957**
Comprehensive income	**144 858**	**-179 929**
Including:		
attributable to the Shareholders of the Bank	**144 858**	**-179 929**

3. Balance Sheet

in PLN '000'	31.03.2010	31.12.2009	31.03.2009
Assets			
Cash and balances with Central Bank	1 115 309	1 175 451	1 387 225
Gross loans and advances to banks	431 145	190 013	337 402
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 260
Receivables arising from repurchase transactions	32 235	331 875	336 247
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 314 240	1 316 786	1 848 830
Derivatives including:	609 538	571 410	2 072 779
- derivatives used as hedging instruments	79 942	55 741	73 065
Gross loans and advances to customers	26 737 689	27 312 467	29 973 684
Impairment losses on loans and advances to customers	-1 616 724	-1 540 231	-1 034 607
Investment securities:	10 060 780	8 785 579	6 290 081
- available-for-sale	7 344 280	6 032 241	4 299 541
- held-to-maturity	2 716 500	2 753 338	1 990 540
Investments in subsidiaries, associates and jointly controlled entities	65 995	65 995	66 000
Property, plant and equipment	341 552	360 238	383 504
Intangible assets	50 815	53 553	56 897
Deferred tax asset	147 719	179 266	115 546
Current tax receivable	18 638	0	0
Investment properties	20 769	9 893	0
Other assets	98 411	102 508	110 565
Total assets	**39 425 851**	**38 912 543**	**41 941 893**

in PLN '000'	**31.03.2010**	**31.12.2009**	**31.03.2009**
Liabilities			
Amounts due to Central Bank	207 997	1 321 802	374 945
Amounts due to banks	10 055 035	10 831 690	13 096 388
Derivatives including:	577 243	541 068	1 700 869
- derivatives used as hedging instruments	806	3 166	1 816
Amounts due to customers	24 560 129	22 521 686	22 412 086
Liabilities arising from repurchase transactions	146 873	0	1 317 003
Current tax liability	0	31 833	16 187
Provisions	29 017	31 409	53 140
Other liabilities	264 001	174 940	187 764
Subordinated liabilities	788 399	805 816	384 220
Total liabilities	**36 628 694**	**36 260 244**	**39 542 602**

in PLN '000'	**31.03.2010**	**31.12.2009**	**31.03.2009**
Equity			
Share capital	1 358 294	1 358 294	1 358 294
Supplementary capital	782 046	782 046	580 974
Revaluation reserve	112 986	5 716	-23 019
Reserves	340 942	340 942	240 942
Retained earnings/loss	165 301	0	301 072
Current net profit (loss) attributable to the Shareholders of the Bank	37 588	165 301	-58 972
Total equity	**2 797 157**	**2 652 299**	**2 399 291**
Total equity and liabilities	**39 425 851**	**38 912 543**	**41 941 893**

Capital adequacy ratio (%)	12.80	12.13	8.43
Number of shares	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	10.30	9.76	8.83

4. Off-balance Sheet Items

in PLN '000'	31.03.2010	31.12.2009	31.03.2009
Liabilities granted and received			
Liabilities granted, including:	5 817 431	5 879 963	6 896 383
- financial	3 894 647	4 094 569	5 047 249
- guarantees	1 922 784	1 785 394	1 849 134
Liabilities received, including:	2 227 419	2 452 623	1 622 367
- financial	1 079 673	1 228 242	206 934
- guarantees	1 147 746	1 224 381	1 415 433
Liabilities related to the sale/purchase transactions	**93 932 104**	**89 935 738**	**210 609 229**
Other	**6 613 067**	**6 574 059**	**5 516 830**
- collateral received	6 613 067	6 574 059	5 516 830

5. Statement of Changes in Equity

Changes in the period 01.01.2010 – 31.03.2010

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings/loss	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			105 562				105 562
Effects of valuation of derivatives designated for cash flow hedge			26 870				26 870
Deferred tax on items recognized in equity			-25 162				-25 162
Net profit/loss recognized directly in the equity			**107 270**				**107 270**
Net profit/loss for the period						37 588	37 588
Total of recognized income and expenses			**107 270**			**37 588**	**144 858**
Equity at end of period – as of 31.03.2010	**1 358 294**	**782 046**	**112 986**	**340 942**	**165 301**	**37 588**	**2 797 157**

Changes in the period 01.01.2009 – 31.12.2009

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings/loss	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 – 31.03.2009

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings/loss	Net profit/loss for the period	Total equity
Equity at opening balance – as of 01.01.2009	**1 358 294**	**580 974**	**97 938**	**240 942**	**301 072**	**0**	**2 579 220**
Valuation of financial assets available-for-sale			-76 744				-76 744
Effects of valuation of derivatives designated for cash flow hedge			-72 586				-72 586
Deferred tax on items recognized in equity			28 373				28 373
Net profit/loss recognized directly in the equity			**-120 957**				**-120 957**
Net profit/loss for the period						-58 972	-58 972
Total of recognized income and expenses			**-120 957**			**-58 972**	**-179 929**
Equity at end of period – as of 31.03.2009	**1 358 294**	**580 974**	**-23 019**	**240 942**	**301 072**	**-58 972**	**2 399 291**

6. Cash Flow Statement

in PLN '000'	1st quarter of 2010 01.01.2010 - 31.03.2010	1st quarter of 2009 01.01.2009 - 31.03.2009
Net cash flow from operating activities		
Net profit (loss)	**37 588**	**-58 972**
Adjustments to net profit (loss) and net cash from operating activities:	**1 183 160**	**486 810**
Current and deferred tax recognized in financial result	11 595	-14 993
Non-realised profit (loss) from currency translation differences	-59 519	-34 106
Investing and financing activities	**-96 912**	**124 587**
Depreciation	23 746	23 936
Net increase/decrease in impairment	70 753	107 961
Dividends	-253	0
Interest	-185 559	-26 545
Net increase/decrease in provisions	-2 392	22 762
Profit (loss) on disposal of investments	-3 207	-3 527
Net increase/decrease in operating assets (excluding cash)	**915 245**	**-2 870 718**
Net increase/decrease in loans and advances to banks	25 525	-10 717
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	52 769	-357 979
Net increase/decrease in receivables arising from repurchase transactions	299 640	-336 247
Net increase/decrease in gross loans and advances to customers	574 778	-2 120 529
Net increase/decrease in income tax receivables	-18 638	0
Paid/received income tax	-28 231	-40 553
Net increase/decrease in other assets	9 402	-4 693
Net increase/decrease in operating liabilities	**412 751**	**3 282 040**
Net increase/decrease in amounts due to Central Bank	-1 113 805	-738 330
Net increase/decrease in amounts due to banks	-776 618	1 075 199
Net increase/decrease in derivatives (except for derivatives used as hedging instruments)	38 535	-189 459
Net increase/decrease in amounts due to customers	2 038 443	1 856 776
Net increase/decrease in liabilities arising from repurchase transactions	146 873	1 308 012
Net increase/decrease in other liabilities	79 323	-30 158
Net cash flow from operating activities	**1 220 748**	**427 838**

in PLN '000'	1st quarter of 2010 01.01.2010 - 31.03.2010	1st quarter of 2009 01.01.2009 - 31.03.2009
Net cash flow from investing activities		
Inflows	**4 368 652**	**601 159**
Disposal of property, plant and equipment and intangible assets	931	0
Disposal of interests in equity investments classified as available-for-sale (subsidiaries and associates)	0	533 849
Disposal of investment securities	4 231 317	0
Dividends	253	67 310
Interest received	136 151	**-607 628**
Outflows	**-5 355 588**	-14 432
Acquisition of property, plant and equipment and intangible assets	-11 287	0
Acquisition of investment securities	-5 344 301	-593 196
Net cash flow from investing activities	**-986 936**	**-6 469**
Cash flow from financing activities		
Inflows	**0**	**797 401**
Proceeds from a subordinated loan	0	75 000
Proceeds from loans and advances	0	722 401
Outflows	**-27 297**	**-673 674**
Repayment of loans and advances	0	-600 000
Other financial outflows	-27 297	-73 674
Net cash flow from financing activities	**-27 297**	**123 727**

Net increase/decrease in cash	**206 515**	**545 096**
Cash at the beginning of the period	**1 191 139**	**961 231**
Cash at the end of the period, including:	**1 397 654**	**1 506 327**
Restricted cash	797 294	948 377

7. Notes to the interim condensed standalone financial statements

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

Signatures of the Members of the Management Board

date	12.05.2010	Maciej Bardan	President of the Management Board	....
date	12.05.2010	Krzysztof Kokot	Vice President of the Management Board	....

Signature of a person responsible for keeping the accounting books

date	12.05.2010	Grzegorz Kędzior	Director of Accounting and External Reporting Department	....