Interim Consolidated Financial Statements
of Kredyt Bank S.A. Capital Group
for the Third Quarter of 2008
prepared in accordance with the
International Financial Reporting Standards

Contents

1. Consolidated Income Statement

in PLN '000'	**Third quarter of 2008 01.07.2008 - 30.09.2008**	**Three quarters of 2008 01.01.2008 - 30.09.2008**	**Third quarter of 2007 01.07.2007 - 30.09.2007**	**Three quarters of 2007 01.01.2007 - 30.09.2007**
Interest income	607 518	1 649 235	424 857	1 144 473
Interest expense	-333 235	-881 644	-196 345	-509 414
Net interest income	**274 283**	**767 591**	**228 512**	**635 059**
Fee and commission income	102 541	286 821	95 248	270 989
Fee and commission expense	-26 463	-67 151	-25 388	-51 704
Net fee and commission income	**76 078**	**219 670**	**69 860**	**219 285**
Dividend income	401	1 049	0	1 328
Net trading income	78 156	179 923	39 682	115 020
Net result on derivatives used as hedging instruments and hedged items	3 323	449	-244	-1 749
Net gains from investment activities	-52	182	300	3 489
Other operating income	28 612	69 421	15 403	50 732
Total operating income	**460 801**	**1 238 285**	**353 513**	**1 023 164**
General and administrative expenses	-268 909	-804 738	-243 708	-697 603
Net impairment losses on financial assets, other assets and provisions	-37 026	-70 076	31 540	65 413
Other operating expenses	-9 433	-29 553	-10 625	-30 523
Total operating expenses	**-315 368**	**-904 367**	**-222 793**	**-662 713**
Net operating income	**145 433**	**333 918**	**130 720**	**360 451**
Share in profit (loss) of associates	21	-891	1 819	2 960
Profit before tax	**145 454**	**333 027**	**132 539**	**363 411**
Income tax expense	-29 973	-72 738	-33 150	-82 401
Net profit from business activities	**115 481**	**260 289**	**99 389**	**281 010**
Net profit from discontinued operations	0	0	0	0
Net profit	**115 481**	**260 289**	**99 389**	**281 010**
Including:				
attributable to the Shareholders of the Bank	**115 481**	**260 289**	**99 389**	**281 010**
Weighted average number of ordinary shares	271 658 880	271 658 880	271 658 880	271 658 880
Earnings per ordinary share (in PLN)	0.43	0.96	0.37	1.03

2. Consolidated Balance Sheet

in PLN '000'	30.09.2008	30.06.2008	31.12.2007	30.09.2007
Assets				
Cash and balances with Central Bank	941 261	1 365 384	611 690	973 593
Gross loans and advances to banks	851 227	985 910	2 456 352	4 323 866
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 260	-2 260
Receivables arising from repurchase transactions	0	12 523	0	0
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 757 436	982 493	465 027	249 838
Derivatives including:	939 444	838 843	495 095	308 779
- derivatives used as hedging instruments	42 051	5 658	34 025	24 080
Gross loans and advances to customers	22 885 496	20 123 292	17 456 184	16 249 918
Impairment losses on loans and advances to customers	-863 131	-835 722	-834 327	-968 713
Investment securities:	5 874 280	5 685 402	5 482 335	5 486 047
- available-for-sale	4 093 806	3 930 594	3 437 169	3 424 391
- held-to-maturity	1 780 474	1 754 808	2 045 166	2 061 656
Investments in associates valued using the equity method	11 283	11 262	12 174	13 621
Property, plant and equipment	401 151	404 218	396 446	382 284
Intangible assets	59 096	62 415	67 212	64 728
Goodwill on subordinated companies	36 052	36 052	36 052	36 052
Deferred tax asset	115 627	164 809	150 658	137 836
Current tax receivable	0	0	1 309	3 805
Non-current assets classified as held for sale	0	0	767	1 270
Investment properties	212 394	215 320	219 509	221 465
Other assets	148 493	139 029	113 957	127 085
Total assets	**33 367 849**	**30 188 970**	**27 128 180**	**27 609 214**

in PLN '000'	30.09.2008	30.06.2008	31.12.2007	30.09.2007
Liabilities				
Amounts due to Central Bank	1 611	1 590	1 101 661	2 078
Amounts due to banks	8 486 974	7 157 731	5 301 449	6 833 515
Derivatives including:	658 136	787 484	474 370	268 994
- derivatives used as hedging instruments	10 903	57 832	44 178	18 775
Amounts due to customers	20 206 892	19 338 765	17 088 638	16 963 662
Liabilities arising from repurchase transactions	979 643	0	50 126	500 151
Current tax liability	23 009	20 478	7 228	1 462
Provisions	121 766	122 672	161 034	170 474
Deferred tax liability	1 092	1 317	872	1 182
Other liabilities	241 552	364 417	272 263	231 602
Subordinated liabilities	215 606	208 800	394 235	415 676
Total liabilities	**30 936 281**	**28 003 254**	**24 851 876**	**25 388 796**

Equity	**30.09.2008**	**30.06.2008**	**31.12.2007**	**30.09.2007**
Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Supplementary capital	604 966	604 966	383 711	383 711
Revaluation reserve	-51 379	-181 750	-87 617	-34 043
Reserves	240 942	240 942	180 942	180 942
Currency translation differences from the translation of subordinated companies and foreign branches	-733	-733	-733	-664
Retained earnings/loss	19 189	19 189	51 168	51 168
Current net profit attributable to the Shareholders of the Bank	260 289	144 808	390 539	281 010
Total equity attributable to shareholders of the Bank	**2 431 568**	**2 185 716**	**2 276 304**	**2 220 418**
Minority interest	**0**	**0**	**0**	**0**
Total equity	**2 431 568**	**2 185 716**	**2 276 304**	**2 220 418**
Total equity and liabilities	**33 367 849**	**30 188 970**	**27 128 180**	**27 609 214**

Capital adequacy ratio (%)	9.36	9.77	9.71	10.65
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	8.95	8.05	8.38	8.17

3. Off-balance Sheet Items

in PLN '000'	30.09.2008	30.06.2008	31.12.2007	30.09.2007
Contingent liabilities, granted and received				
Liabilities granted, including:	6 643 412	6 577 740	6 002 445	5 817 295
- financial	5 057 384	5 248 116	4 374 464	4 202 092
- guarantees	1 586 028	1 329 624	1 627 981	1 615 203
Liabilities received, including:	1 688 862	1 589 571	2 224 054	1 239 094
- financial	516 360	479 175	902 441	670 002
- guarantees	1 172 502	1 110 396	1 321 613	569 092
Liabilities related to the sale/purchase transactions	**311 095 732**	**295 127 547**	**218 165 219**	**170 301 827**
Other	**4 649 164**	**4 361 792**	**3 211 824**	**3 098 694**
- collateral received	4 647 620	4 360 248	3 210 280	3 097 150
- other	1 544	1 544	1 544	1 544

4. Statement of Changes in Consolidated Equity

Changes in the period 01.01.2008-30.09.2008

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies and foreign branches	Retained earnings (losses)	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Minority interest	Total equity
Equity at opening balance – as of 01.01.2008	**1 358 294**	**383 711**	**-87 617**	**180 942**	**-733**	**441 707**	**0**	**2 276 304**	**0**	**2 276 304**
Valuation of financial assets available-for-sale			15 208					15 208		15 208
Effects of valuation of derivatives designated for cash flow hedge			29 530					29 530		29 530
Deferred tax on items recognized in equity			-8 500					-8 500		-8 500
Net profit/loss recognized directly in the equity			**36 238**					**36 238**		**36 238**
Net profit/loss for the period							260 289	260 289		260 289
Total of recognized income and expenses			**36 238**				**260 289**	**296 527**		**296 527**
Profit distribution		221 255		60 000		-281 255		0		0
Dividend paid						-141 263		-141 263		-141 263
Equity at end of period – as of 30.09.2008	**1 358 294**	**604 966**	**-51 379**	**240 942**	**-733**	**19 189**	**260 289**	**2 431 568**	**0**	**2 431 568**

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Changes in the period 01.01.2007-31.12.2007

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies and foreign branches	Retained earnings (losses)	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Minority interest	Total equity
Equity at opening balance – as of 01.01.2007	**1 358 294**	**104 789**	**18 275**	**120 942**	**-646**	**490 604**	**0**	**2 092 258**	**0**	**2 092 258**
Valuation of financial assets available-for-sale			-89 090					-89 090		-89 090
Effects of valuation of derivatives designated for cash flow hedge			-41 641					-41 641		-41 641
Deferred tax on items recognized in equity			24 839					24 839		24 839
Net profit/loss recognized directly in the equity			**-105 892**					**-105 892**		**-105 892**
Net profit/loss for the period							390 539	390 539		390 539
Total of recognized income and expenses			**-105 892**				**390 539**	**284 647**		**284 647**
Profit distribution		278 922		60 000		-338 922		0		0
Dividend paid						-100 514		-100 514		-100 514
Currency translation differences					-87			-87		-87
Equity at end of period – as of 31.12.2007	**1 358 294**	**383 711**	**-87 617**	**180 942**	**-733**	**51 168**	**390 539**	**2 276 304**	**0**	**2 276 304**

Changes in the period 01.01.2007– 30.09.2007

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies and foreign branches	Retained earnings (losses)	Net profit/loss for the period	Total equity attributable to shareholders of the Bank	Minority interest	Total equity
Equity at opening balance – as of 01.01.2007	**1 358 294**	**104 789**	**18 275**	**120 942**	**-646**	**490 604**	**0**	**2 092 258**	**0**	**2 092 258**
Valuation of financial assets available-for-sale			-49 002					-49 002		-49 002
Effects of valuation of derivatives designated for cash flow hedge			-15 588					-15 588		-15 588
Deferred tax on items recognized in equity			12 272					12 272		12 272
Net profit/loss recognized directly in the equity			**-52 318**					**-52 318**		**-52 318**
Net profit/loss for the period							281 010	281 010		281 010
Total of recognized income and expenses			**-52 318**				**281 010**	**228 692**		**228 692**
Profit distribution		278 922		60 000		-338 922		0		0
Dividend paid						-100 514		-100 514		-100 514
Currency translation differences					-18			-18		-18
Equity at end of period – as of 30.09.2007	**1 358 294**	**383 711**	**-34 043**	**180 942**	**-664**	**51 168**	**281 010**	**2 220 418**	**0**	**2 220 418**

5. Consolidated Cash Flow Statement

in PLN '000'	**Third quarter of 2008 01.07.2008 - 30.09.2008**	**Three quarters of 2008 01.01.2008 - 30.09.2008**	**Third quarter of 2007 01.07.2007 - 30.09.2007**	**Three quarters of 2007 01.01.2007 - 30.09.2007**
Net cash flow from operating activities				
Net profit	**115 481**	**260 289**	**99 389**	**281 010**
Adjustments to net profit and net cash from operating activities:	**-1 340 395**	**-2 642 272**	**658 288**	**770 644**
Current and deferred tax recognized in financial result	29 973	72 738	33 150	82 401
Non-realised profit (loss) from currency translation differences	102 455	20 783	9 311	-18 790
Investing and financing activities	**-2 206**	**-4 839**	**-59 019**	**-148 030**
Depreciation	26 991	76 665	34 402	84 131
Share in profit (loss) of associates	-21	891	-1 819	-2 960
Net increase/decrease in impairment	27 949	28 920	-38 496	-108 693
Dividends	-401	-1 049	0	-1 328
Interest	-54 310	-67 111	-57 578	-116 227
Net increase/decrease in provisions	-906	-39 268	4 888	1 248
Profit (loss) on disposal of investments	-1 508	-3 887	-416	-4 201
Net increase/decrease in operating assets (excluding cash)	**-3 302 870**	**-6 952 263**	**-1 828 024**	**-3 467 512**
Net increase/decrease in gross loans and advances to banks	250 884	228 548	-191 937	-143 691
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	-859 557	-1 737 603	131 712	366 604
Net increase/decrease in gross loans and advances to customers	-2 762 204	-5 429 312	-1 740 421	-3 606 075
Paid income tax	-9 303	-30 497	-21 034	-38 837
Net increase/decrease in other assets	77 310	16 601	-6 344	-45 513
Net increase/decrease in operating liabilities	**1 832 253**	**4 221 309**	**2 502 870**	**4 322 575**
Net increase/decrease in amounts due to Central Bank	21	-1 100 050	17	88
Net increase/decrease in amounts due to banks	94 313	1 116 682	2 738 361	3 748 310
Net increase/decrease in derivatives	-129 348	183 766	-43 921	-27 480
Net increase/decrease in amounts due to customers	868 127	3 118 254	-184 248	1 156 399
Net increase/decrease in liabilities arising from repurchase transactions	979 643	929 517	-42 984	-533 774
Net increase/decrease in other liabilities	19 497	-26 860	35 645	-20 968
Net cash flow from operating activities	**-1 224 914**	**-2 381 983**	**757 677**	**1 051 654**

in PLN '000'	**Third quarter of 2008 01.07.2008 - 30.09.2008**	**Three quarters of 2008 01.01.2008 - 30.09.2008**	**Third quarter of 2007 01.07.2007 - 30.09.2007**	**Three quarters of 2007 01.01.2007 - 30.09.2007**
Net cash flow from investing activities				
Inflows	**49 283**	**581 625**	**902 720**	**2 651 527**
Disposal of property, plant and equipment and intangible assets	2 960	4 242	885	2 194
Disposal of investment securities	5 982	422 753	893 119	2 496 653
Dividends	401	1 049	0	1 328
Interest received	39 940	153 581	8 716	151 352
Outflows	**-68 020**	**-851 551**	**-857 165**	**-2 193 452**
Acquisition of property, plant and equipment and intangible assets	-24 744	-88 870	-23 284	-66 184
Acquisition of interests in subordinated companies	0	0	-5	-5
Acquisition of investment securities	-43 276	-762 681	-833 876	-2 127 263
Net cash flows from investing activities	**-18 737**	**-269 926**	**45 555**	**458 075**
Cash flow from financing activities				
Inflows	**1 124 505**	**2 249 783**	**941 999**	**941 999**
Proceeds from subordinated loan	0	209 580	0	0
Proceeds from borrowings	1 124 505	2 040 203	941 999	941 999
Outflows	**-188 776**	**-644 880**	**-116 546**	**-145 106**
Dividend paid	-141 263	-141 263	-100 514	-100 514
Repayment of subordinated liabilities	0	-375 045	0	0
Other financial outflows	-47 513	-128 572	-16 032	-44 592
Net cash flow from financing activities	**935 729**	**1 604 903**	**825 453**	**796 893**

Net increase/decrease in cash	**-307 922**	**-1 047 006**	**1 628 685**	**2 306 622**
Cash at the beginning of the period	**1 950 830**	**2 689 914**	**2 947 807**	**2 269 870**
Cash at the end of the period, including:	**1 642 908**	**1 642 908**	**4 576 492**	**4 576 492**
Restricted cash	752 627	752 627	600 221	600 221

6. Basis of preparation

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

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

The interim consolidated financial report for the third quarter of 2008 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 October 2005 on current and interim information provided by issuers of securities (Journal of Laws of 2005, No. 209, item 1744).

7. The Group's financial standing at the end of the third quarter of 2008

7.1. Financial result

Group's net profit and profit before tax

The Group's net profit in three quarters of 2008 amounted to PLN 260,289 thousand, while net profit generated in three quarters of 2007 amounted to PLN 281,010 thousand. Profit before tax in three quarters of 2008 amounted to PLN 333,027 thousand as compared to profit before tax of PLN 363,411 thousand in three quarters of 2007.

With respect to all categories of operating income, in three quarters of 2008, as compared to three quarters of 2007, an increase was observed which resulted from the increasing business activeness. The Group's net operating income in three quarters of 2008, as compared to three quarters of 2007, increased by 21.8%, while general and administrative expenses increased by 15.4%.

Lower profit before tax and the resulting lower net profit for three quarters of 2008, as compared to three quarters of 2007, result chiefly from higher net impairment losses on financial assets and other assets, which resulted from lower amounts recovered in the course of restructuring and debt recovery activities in the corporate segment and higher impairment losses on receivables from natural persons.

The main elements of the consolidated income statement of the Group are presented in the table below.

	Third quarter of 2008	Three quarters of 2008	Third quarter of 2007	Three quarters of 2007
in PLN '000'				
Net interest income	274 283	767 591	228 512	635 059
Net fee and commission income	76 078	219 670	69 860	219 285
Net gains from trading and investment activities *	81 828	181 603	39 738	118 088
Net gains from other operating income/expenses	19 179	39 868	4 778	20 209
Total	**451 368**	**1 208 732**	**342 888**	**992 641**
General and administrative expenses	-268 909	-804 738	-243 708	-697 603
Net impairment losses on financial assets, other assets and provisions	-37 026	-70 076	31 540	65 413
Share in profit (loss) of associates	21	-891	1 819	2 960
Profit before tax	**145 454**	**333 027**	**132 539**	**363 411**
Income tax expense	-29 973	-72 738	-33 150	-82 401
Net profit	**115 481**	**260 289**	**99 389**	**281 010**

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

Net interest, fee and commission income

Net interest income generated by the Group in three quarters of 2008 amounted to PLN 767,591 thousand, i.e. it was higher by 20.9% than the corresponding figure in three quarters of 2007. Net fee and commission income in three quarters of 2008 amounted to PLN 219,670 thousand, i.e. it was higher by 0.2% than the corresponding figure in three quarters of 2007, despite the adverse situation on the investment funds market and the resulting lower commission income from the distribution and management of combined investment and insurance products (by ca. PLN 23 million). The lower commission income on this account was set off mainly by higher net commissions for the service of payment cards and ATMs. The increase in the value of the loan portfolio was the main reason for higher net interest income in three quarters of 2008, as compared to three quarters of 2007.

Net gains from trading and investment activities

In three quarters of 2008, net gains from trading and investment activity, including net result on derivatives used as hedging instruments and hedged items amounted to PLN 181,603 thousand as compared to PLN 118,088 thousand recorded in three quarters of 2007. The increase was achieved mainly from the result on foreign exchange.

General and administrative expenses

The Group's general and administrative expenses in three quarters of 2008 amounted to PLN 804,738 thousand and, as compared to three quarters of 2007, they increased by 15.4%. The increase in general and administrative expenses in three quarters of 2008 was related mainly to the increase in salaries (including the increase by 6.7% in the number of full-time employees in the Group as compared to figures at 30.09.2007) and additional costs of the Group's increasing business activeness.

Cost/income ratio (CIR)

The cost/income ratios presented in this section take into account a change in the presentation of net income from sale of receivables described in more detail in section 11 below.

Cost/income ratio in three quarters of 2008 amounted to 66.6% and decreased by 3.7 p.p. as compared to the corresponding period in 2007. The decrease results from a faster increase in net operating income in three quarters of 2008, as compared to general and administrative expenses. Special attention should be paid to a substantial decrease by 11.5 p.p. in the ratio in the third quarter of 2008 as compared to the third quarter of 2007.

in %	**Third quarter of 2008**	**Three quarters of 2008**	**Third quarter of 2007**	**Three quarters of 2007**
Cost/income ratio (CIR)	59.6%	66.6%	71.1%	70.3%

Net impairment losses on financial assets, other assets and provisions

Since the second quarter of 2008, the Group has changed the presentation of net income from sale of receivables, including the figure in 'Net impairment losses on financial assets, other assets and provisions'. Figures disclosed in this report for previous reporting periods have been properly restated, as per the table presented in section 11 below.

At the end of the third of 2008, the Group generated negative balance of net impairment losses on financial assets, other assets and provisions of PLN 70,076 thousand, as compared to the positive balance after three quarters of 2007 of PLN 65,413 thousand. The increase in impairment losses in three quarters of 2008, as compared to three quarters of 2007, was related mainly to the increase in impairment losses on receivables from natural persons. At the same time, in three quarters of 2008, the Group recorded a lower positive balance of net impairment losses on receivables from corporate customers as compared to the corresponding period in 2007. Furthermore, as presented in section 10 below, in the third quarter of 2008, the Group launched a review of its methodology of estimating impairment losses for loans and credits valued collectively. Preliminary results of the review, showing the need to create additional impairment losses, have been recognized in the income statement for the third quarter of 2008. The works in this area are scheduled to terminate in December 2008.

Corporate income tax

Total income tax expense in the Group after three quarters of 2008 amounted to PLN 72,738 thousand as compared to PLN 82,401 thousand deducted from the Group's result after three quarters of 2007.

7.2. Assets and liabilities

Gross loans and advances to customers

Over the last months, the Group recorded an increase in the portfolio of gross loans and advances to customers. The value of gross loans and advances to customers at the end of the third quarter of 2008 increased by 13.7% as compared to the end of the second quarter of 2008, and by 40.8% as compared to the corresponding period in the previous year. Dynamic growth was recorded for portfolios of loans of natural persons, including cash and instalment loans extended by Żagiel S.A. Furthermore, as in previous periods, the Group recorded a very high sale rate for mortgages.

Details concerning the portfolio of loans and advances have been presented in sections 7.3, 7.6 and 7.7.

Investment securities portfolio

In the third quarter of 2008, the level of portfolios of investment securities remained high, making it possible to safely manage short-term liquidity.

Customers' deposits portfolio

Customers' deposits at the end of the third quarter of 2008 increased by 4.5% as compared to the end of the second quarter of 2008, and increased by 19.1% as compared to the end of the third quarter of 2007. In the previous 12 months, the biggest increase was recorded for cash deposited by customers on current accounts by the total of ca. PLN 1.7 billion, and for the portfolio of term deposits of corporate customers by ca. PLN 1.6 billion (mainly due to the depositing of cash acquired from the sale of 'Warta gwarancja' product).

Details concerning the deposits portfolio have been presented in sections 7.6 and 7.7 below.

7.3. Improvement in the quality of receivables portfolio

In the third quarter of 2008, as in the previous reporting periods, mainly due to the increase in the loans portfolio, the share of doubtful loans and advances in total loans and advances was further reduced.

As a result, in the third quarter of 2008, the quality ratio for the Group's gross receivables portfolio improved by 0.3 p.p. and by 3.7 p.p. over the last 12 months.

The Group, when estimating credit risk for individual credit exposures and loan portfolios, follows the prudence concept. As at 30.09.2008, the ratio of covering loans and advances for which evidence for impairment had been identified with impairment losses was 66.2%.

in PLN '000'	30.09.2008	30.06.2008	31.12.2007	30.09.2007
Loans and advances with no evidence for impairment	21 700 580	19 013 300	16 312 565	14 804 758
Loans and advances with evidence for impairment	1 184 916	1 109 992	1 143 619	1 445 160
Total gross loan and advances to customers	**22 885 496**	**20 123 292**	**17 456 184**	**16 249 918**
Impairment on loans and advances to customers	863 131	835 722	834 327	968 713
including: impairment on loans and advances with evidence for impairment	784 271	785 219	792 087	914 726
Total net loans and advances to customers	**22 022 365**	**19 287 570**	**16 621 857**	**15 281 205**
The share of loans and advances with evidence for impairment in total gross loans and advances	5.2%	5.5%	6.6%	8.9%
Coverage of loans and advances with evidence for impairment with impairment	66.2%	70.7%	69.3%	63.3%
Coverage of gross loans and advances to customers with corresponding impairment	3.8%	4.2%	4.8%	6.0%

7.4. Capital adequacy ratio

The Group's capital adequacy ratio was calculated in compliance with regulations of the National Bank of Poland in force and, as of 30.09.2008, amounted to 9.36% as compared to 10.65% recorded as of 30.09.2007 and 9.77% as of 30.06.2008. The decrease in the capital adequacy ratio, as compared to the figure at 30.09.2007, results mainly from the fast growth of the loan portfolio.

The first three quarters of 2008 is a period when the new principles concerning the capital adequacy ratio (known as Basel II) were applied for the first time. The Group applies the standardized approach to credit risk calculation. The application of the new regulations has not affected the capital adequacy ratio to a large extend.

7.5. Income and results by segments

The Group's operations, as in the previous reporting periods, were divided into four basic sector segments: corporate, retail, treasury and investment. The Bank's operations are not diversified in geographical terms. The 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.

Corporate Segment

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

Retail Segment

Retail Segment, in management terms, incorporates products targeted at individual customers as well as Small and Medium-sized Enterprises (SME), whose annual sales revenue does not exceed PLN 16 million. The products on offer comprise a wide range of deposit and loan products, insurance products (bancassurance and assurebanking) offered in co-operation with WARTA S.A. as well as clearing services. This offer is addressed at customers through traditional channels of distribution via the Bank's nationwide network of branches as well as KB24 – an Internet network. The results of this segment also comprise the result of Żagiel S.A. (Consumer Finance) specialising in the sale of instalment loans as well as in intermediation in the distribution of selected services that are found in the Bank's and WARTA's offers. Furthermore, the Bank's offer for this segment includes products offered by KBC TFI with regard to the sale of shares in investment funds.

Treasury Segment

Treasury Segment, in management terms, comprises the result of the transactions performed by the Bank on its own account as an active participant of the money market (Treasury and NBP bills), bonds market (Treasury and commercial bonds), currency market and interbank market. The result of the segment also includes net income on derivative instruments transactions: forward, FX swap, IRS, CIRS, FRA, interest rate and currency options.

Investment Segment

Investment Segment, in management terms, incorporates the result on custodian services, and also focuses on the Group's equity investments in shares of companies whose core business is focused on generating added value for the Group by specialising in non-banking areas of operation. However, these investments do not constitute a significant element of the Group's operations.

The segments' income and expenses had been determined before inter-segmental eliminations were made. The selling prices exercised among segments are calculated on the basis of the transfer pricing methodology.

'Other' segment comprises other income and expenses not recognized in the above-mentioned segments (including the salaries of members of the Management Board and of the Supervisory Board, BFG fees, external audit expenses, income and expenses related to the reversal/recognition of provisions for litigations and other operating expenses).

Group's net profit for three quarters of 2008 by business segments (breakdown according to management reporting) *in PLN '000'*

	Corporate Segment	Retail Segment	Treasury Segment	Investment Segment	Other	Eliminations	Total
1. Segment income (external)	515 541	1 203 245	454 765	9 084	3 996	0	**2 186 631**
2. Segment income (internal)	218 657	532 360	765 528	0	9	-1 516 554	**0**
3. Total segment income	**734 198**	**1 735 605**	**1 220 293**	**9 084**	**4 005**	**-1 516 554**	**2 186 631**
4. Segment expenses (external)	-181 903	-537 102	-358 689	-17 911	-35 271	0	**-1 130 876**
4a. Allocated expenses	-65 797	-550 026	-7 658	-1 546	-26 734	0	**-651 761**
5. Segment expenses (internal)	-331 937	-411 448	-751 027	-2 920	-19 222	1 516 554	**0**
6. Total segment expenses	**-579 637**	**-1 498 576**	**-1 117 374**	**-22 377**	**-81 227**	**1 516 554**	**-1 782 637**
7. Net operating income for the segment	**154 561**	**237 029**	**102 919**	**-13 293**	**-77 222**	**0**	**403 994**
8. Net impairment losses on financial assets, other assets and provisions	**7 463**	**-112 901**	**0**	**693**	**34 669**	**0**	**-70 076**
9. Segment share in profit of associates				**-891**			**-891**
10. Profit before tax for the segment	**162 024**	**124 128**	**102 919**	**-13 491**	**-42 553**	**0**	**333 027**
11. Income tax expense							**-72 738**
12. Net profit/loss							**260 289**

Group's net profit for three quarters of 2007 by business segments (breakdown according to management reporting) *in PLN '000'*

	Corporate Segment	Retail Segment	Treasury Segment	Investment Segment	Other	Eliminations	Total
1. Segment income (external)	366 489	772 909	419 648	52 295	20 512	-45 822	**1 586 031**
2. Segment income (internal)	155 163	402 125	427 270	0	12	-984 570	**0**
3. Total segment income	**521 652**	**1 175 034**	**846 918**	**52 295**	**20 524**	**-1 030 392**	**1 586 031**
4. Segment expenses (external)	-127 439	-348 202	-199 118	-40 836	-24 396	45 822	**-694 169**
4a. Allocated expenses	-80 945	-484 392	-7 091	-842	-23 554	0	**-596 824**
5. Segment expenses (internal)	-203 711	-212 724	-557 301	-3 523	-7 311	984 570	**0**
6. Total segment expenses	**-412 095**	**-1 045 318**	**-763 510**	**-45 201**	**-55 261**	**1 030 392**	**-1 290 993**
7. Net operating income for the segment	**109 557**	**129 716**	**83 408**	**7 094**	**-34 737**	**0**	**295 038**
8. Net impairment losses on financial assets, other assets and provisions	**91 580**	**-21 880**	**0**	**0**	**-4 287**	**0**	**65 413**
9. Segment share in profit of associates				**2 960**			**2 960**
10. Profit before tax for the segment	**201 137**	**107 836**	**83 408**	**10 054**	**-39 024**	**0**	**363 411**
11. Income tax expense							**-82 401**
12. Net profit/loss							**281 010**

7.6. Corporate and SME banking

This section presents aggregate figures for corporate customers and SMEs, excluding non-commercial institutions providing services to households (data for non-commercial institutions providing services to households have been presented in section 7.7 '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'	As at 30.09.2008	As at 30.06.2008	As at 31.12.2007	As at 30.09.2007
Corporate customers				
- overdraft facilities	1 911 609	1 843 602	1 602 633	1 527 492
- term loans*	5 877 694	5 441 908	5 433 141	5 212 200
- purchased debt	32 090	22 986	31 438	15 821
- realised guarantees	7 171	7 600	9 393	5 374
- other receivables, including leasing fees	481 277	421 126	345 330	329 063
Total**	**8 309 841**	**7 737 222**	**7 421 935**	**7 089 950**
Budget				
- overdraft facilities	4 797	623	932	3 563
- term loans*	301 189	335 679	405 971	430 002
- purchased debt	0	0	10	17
- other receivables	466	0	0	0
Total**	**306 452**	**336 302**	**406 913**	**433 582**

* mainly investment loans and working capital loans

** in gross terms

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

in PLN '000'	As at 30.09.2008	As at 30.06.2008	As at 31.12.2007	As at 30.09.2007
Corporate customers				
- current accounts	2 316 350	2 428 190	2 483 669	2 364 537
- term deposits	3 624 235	2 794 376	2 240 212	1 965 605
- other	8 133	6 961	8 672	9 265
Total	**5 948 718**	**5 229 527**	**4 732 553**	**4 339 407**
Budget				
- current accounts	2 190 585	2 027 463	1 337 776	1 404 657
- term deposits	906 807	720 735	719 413	905 304
Total	**3 097 392**	**2 748 198**	**2 057 189**	**2 309 961**

The increase in the portfolio of term deposits of corporate customers by ca. PLN 1.6 billion results mainly from depositing of cash acquired by TUnŻ Warta S.A. from the sale of 'Warta gwarancja' product in the Bank.

7.7. 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'	As at 30.09.2008	As at 30.06.2008	As at 31.12.2007	As at 30.09.2007
- overdraft facilities	697 699	651 684	594 784	613 780
- purchased debt	13 635	11 006	7 041	17 038
- term loans*	926 143	863 748	1 073 564	1 046 045
- instalment and cash loans	3 257 883	2 860 238	2 063 331	1 839 967
- mortgages	9 353 756	7 643 442	5 876 171	5 195 368
- realised guarantees	1 567	1 548	1 519	1 681
- other receivables	18 520	18 102	10 926	12 507
Total**	**14 269 203**	**12 049 768**	**9 627 336**	**8 726 386**

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

** in gross terms

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

in PLN '000'	As at 30.09.2008	As at 30.06.2008	As at 31.12.2007	As at 30.09.2007
- current accounts	8 095 038	8 290 887	7 039 089	7 086 680
- term deposits	2 890 109	2 870 830	3 154 154	3 077 338
- other	175 635	199 323	105 653	150 276
Total	**11 160 782**	**11 361 040**	**10 298 896**	**10 314 294**

As mentioned above, the cash acquired by the Bank from TunŻ Warta S.A. from the sale of 'Warta gwarancja' product is recognized in the corporate segment.

Instalment and cash loans

The sale of retail loans and advances through Żagiel's distribution network in the third quarter of 2008 amounted to PLN 862 million, i.e. increased by 6.1% as compared to the second quarter of 2008 and by 54.7% against the level in the third quarter of 2007. As compared to the second quarter of 2008, in the third quarter of 2008, the number of granted loans increased from 307 thousand to 319 thousand, and, as compared to the third quarter of 2007, the number of loans increased by 56 thousand. The portfolio gross value, as compared to the second quarter of 2008, increased by 15.9%, and, as compared to the third quarter of 2007, by 59.1%.

in PLN '000'	**Third quarter of 2008**	**Second quarter of 2008**	**Fourth quarter of 2007**	**Third quarter of 2007**
Instalment and cash loans				
The value of gross portfolio at quarter end, including:	3 257 883	2 860 238	2 063 331	1 839 967
Loans granted via Żagiel				
Gross value of the portfolio at the end of the quarter*	2 442 615	2 107 953	1 655 475	1 535 521
Number of loans granted in the quarter (in '000')	319	307	301	263
Value of loans granted in the quarter	862 026	812 695	737 748	557 257

* including the consolidation adjustment due to EIR

Mortgages

In the third quarter of 2008, the Bank granted 12.5 thousand mortgages for the total amount of PLN 1,844 million. The gross value of the portfolio of mortgages as compared to the second quarter of 2008 increased by 22.4% and by 80.0% as compared to the corresponding period in the previous year.

in PLN '000'	**Third quarter of 2008**	**Second quarter of 2008**	**Fourth quarter of 2007**	**Third quarter of 2007**
Mortgages				
Gross value of the portfolio at the end of the quarter	9 353 756	7 643 442	5 876 171	5 195 368
Number of loans granted in the quarter (in '000')	12.5	11.7	7.1	6.9
Value of loans granted in the quarter	1 843 618	1 691 247	1 017 598	1 092 845

Current accounts for individual clients

in PLN '000'	**As at 30.09.2008**	**As at 30.06.2008**	**As at 31.12.2007**	**As at 30.09.2007**
Current accounts				
Carrying amount at quarter end	8 095 038	8 290 887	7 039 089	7 086 680
Including ROR accounts (*)				
Number (in '000')	588	578	561	564
Carrying amount	1 287 729	1 325 280	1 218 247	1 223 526
Including Savings Account (*)				
Number (in '000')	362	351	311	298
Carrying amount	5 441 113	5 671 738	4 385 666	4 516 583

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

As at 30.09.2008, the number of current-savings accounts (ROR) was higher by 1.7% as compared to figures at 30.06.2008 and higher by 4.3% as compared to figures at 30.09.2007. The carrying amount of cash on ROR accounts for individual customers at the end of the third quarter of 2008 decreased by 2.8% as compared to the end of the second quarter of 2008 and by 5.2% as compared to the end of the third quarter of 2007.

At the end of the third quarter of 2008, the number of savings accounts increased by 3.1% as compared to the end of the second quarter of 2008, and by 21.5% as compared to the end of the third quarter of 2007. At the end of the third quarter of 2008, the value of deposited cash was PLN 5.4 billion, i.e. decreased by 4.1% as compared to figures at the end of the second quarter of 2008, and increased by 20.5% as compared to the end of the third quarter of 2007.

Credit cards

At the end of the third quarter of 2008, as compared to the end of the second quarter of 2008, the number of credit cards increased by 25.9%, and by 133.1% as compared to the end of the third quarter of 2007.

in '000'	As at 30.09.2008	As at 30.06.2008	As at 31.12.2007	As at 30.09.2007
Credit cards (aggregate for KB and Żagiel S.A.)	408	324	213	175

Electronic distribution channels

The number of users of electronic distribution channels has been growing systematically. As of 30.09.2008, the number of KB24 users was equal to 320 thousand. As compared to figures at 30.06.2008, their number increased by 4.6%, and by 20.8% as compared to figures at 30.09.2007. As compared to the second quarter of 2008, the number of bank transfers made via KB24 in the third quarter of 2008 increased by 1.7% and by 24.7% as compared to the third quarter of 2007.

in PLN '000'	As at 30.09.2008	As at 30.06.2008	As at 31.12.2007	As at 30.09.2007
Number of KB24 users	320	306	278	265
Number of transfers made via KB24 in the quarter	3 735	3 674	3 340	2 994

Number of outlets

in units	As at 30.09.2008	As at 30.06.2008	As at 31.12.2007	As at 30.09.2007
Bank's outlets	395	392	380	367
Outlets of Żagiel S.A. ('Kredyt Punkt' outlets)	343	312	252	210

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

Total net assets of the funds (excluding non-registered funds) sold as at 30.09.2008 via the Bank's distribution network amounted to PLN 2,967,374 thousand. As compared to figures at 30.06.2008, they decreased by 5.2%, and by 19.7% as compared to figures at 30.09.2007.

in PLN '000'	As at 30.09.2008	As at 30.06.2008	As at 31.12.2007	As at 30.09.2007
Net assets of funds (excluding non-registered funds) sold via the Bank's distribution network	2 967 374	3 130 515	3 572 284	3 695 336

The third quarter of 2008 was yet another period for KBC TFI of thorough works on the development of its product offer. At the end of the third quarter of 2008, KBC TFI S.A. managed the total of 34 investment funds.

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

In the third quarter of 2008, the Bank did not issue, redeem or repay any equity securities.

8. Information on dividend

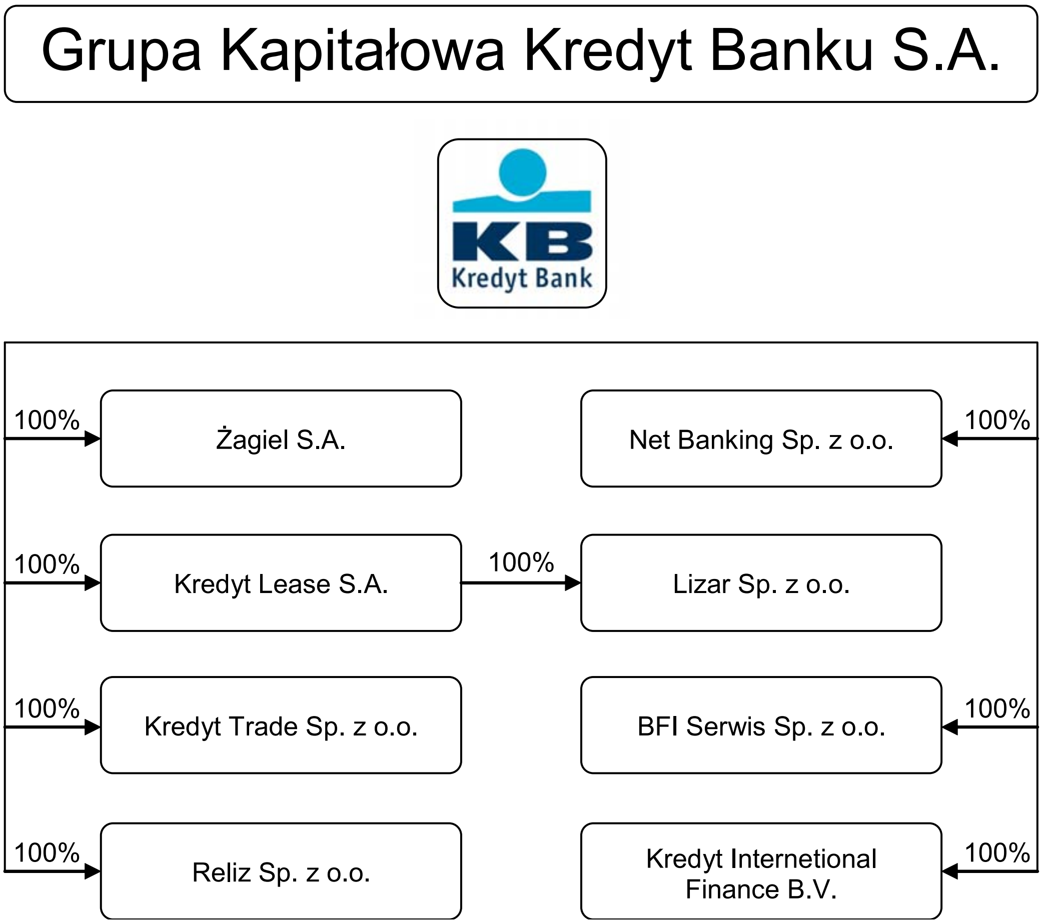
On 28.05.2008, the Ordinary General Meeting of Shareholders of Kredyt Bank S.A. adopted a resolution on the allocation of PLN 141,262,617.60 from the distribution of profit for 2007 to the payment of dividend (which accounted for ca. 35% of the Bank's net profit). The gross dividend per share amounted to PLN 0.52. The right to dividend was established on 03.07.2008. The payment of dividend was effected on 18.07.2008.

In 2007 (i.e. from net profit generated in 2006), the Bank paid gross dividend of PLN 0.37 per share. Total dividend amounted to PLN 100,513,785.60, which accounted for ca. 23% of the Bank's net profit.

9. Group's structure

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

Below, we present the composition and ownership structure of the Group as of 30.09.2008.



As of 30.06.2008, the following companies were consolidated with the full method: Kredyt Lease S.A., Kredyt Trade Sp. z o.o., Żagiel S.A. and Reliz Sp. z o.o.

Due to the immateriality of their operations and financial figures, the Group does not consolidate financial statements of the following entities: Lizar Sp. z o.o., Kredyt International Finance B.V., Net Banking Sp. z o.o., BFI Serwis Sp. z o.o.

The General Meeting of Shareholders of Kredyt International Finance B.V. (KIF B.V.), based in Amsterdam, adopted a resolution on the launch of the liquidation procedure for KIF B.V. on 15.07.2008.

10. Description of applied accounting principles and material accounting estimates

In the third quarter of 2008, the Group launched a review and modification of its methodology of estimating impairment losses on loans and credits valued collectively. The works in this area are scheduled to terminate in December 2008. Except for the above review, 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 30.06.2008.

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

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

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

10.1. Classification and measurement of financial assets and liabilities

Financial assets and liabilities at fair value through profit or loss

This category includes:

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

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

An interest and an 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.

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

Held-to-maturity investments

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

Held-to-maturity investments are measured at amortised cost using the effective interest rate method, taking account of impairment losses. An accrued interest and a 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 flows that are not quoted on an active market. Loans and receivables arise when the Bank lends cash to customers for purposes other than generating short-term trading gains. This category entails 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.

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

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

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

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

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

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

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

Effective interest rate method

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

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

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

The effective interest rate is the rate that discounts the expected flow of future cash payments to present net carrying amount during the period until maturity or by the time of the next market valuation of a particular financial asset and liability, and its determination entails any due or cash payments as well as cash 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 an 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 an 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 the creation of a new instrument with new characteristics. The fees that are collected in this category include, among others, fees for preparing an annex changing a future cash flows schedule, fees for restructuring loan agreements, fees for postponement of payment dates, etc. The above-mentioned types of fees are deferred and settled over time in the income statement applying the effective interest rate method or on a straight-line basis, depending on the type of a product.

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

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

At each balance sheet date (at least once a 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 flows 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 any 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 flows 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 subjected to impairment.

Evidence for impairment

An 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:

a) significant financial problems of an issuer or a debtor;
b) a breach of contract, e.g. failure to pay or delaying payment of interest or the principal amount;
c) 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;
d) high probability of the borrower's bankruptcy or their another financial reorganisation.

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

Measurement of individual impairment

Individual impairment is measured for loan receivables over a specific exposure level, for which certain individual evidence indicating impairment was identified. The process of estimating future, expected cash flows is carried out in a specially dedicated IT tool.

Expected future cash flows from collateral are estimated on the basis of a 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 the 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 for losses are cleared of one-off events and are updated against a current risk profile of homogenous groups of assets. Hence, the portfolios systematic risk is identified. 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.

In the third quarter of 2008, the Group launched the review of its methodology of estimating impairment losses on loans and credits valued collectively. Preliminary results of the review, showing the need to create additional impairment losses, have been recognized in the income statement for the third quarter of 2008. The works in this area are scheduled to terminate in December 2008.

10.3. Deferred tax asset

The Group's companies recognize a deferred tax liability for all temporary differences whereas the deferred tax asset is determined on the basis of financial plans approved by the Management Boards of the companies.

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.

10.4. Investment properties

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

10.5. Goodwill

As of 01.01.2004, the Group ceased to amortize goodwill. Once a year, the Group performs a net goodwill impairment test based on the models developed in co-operation with the Bank's major shareholder. The models comply with the IAS/IFRS requirements and are based on generally applied rules of equity investments measurement, among others, they take into consideration discounted future cash flows.

11. Comparable data

The comparable data included in these financial statements for previous reporting periods include the presentation changes which were introduced to the financial statements as at 30.09.2008.

Consolidated Income Statement

	Published data	Changes	Comparable data	Explanations
	Three quarters of 2007		**Three quarters of 2007**	
	01.01.2007 - 30.09.2007		**01.01.2007 - 30.09.2007**	
Net income from sale of receivables	21 086	-21 086	no such item	a)
Net impairment losses on financial assets, other assets and provisions	44 327	21 086	65 413	a)

	Published data	Changes	Comparable data	Explanations
	Third quarter		**Third quarter**	
	01.07.2007 - 30.09.2007		**01.07.2007 - 30.09.2007**	
Net income from sale of receivables	9 773	-9 773	no such item	a)
Net impairment losses on financial assets, other assets and provisions	21 767	9 773	31 540	a)

Clarification of major reclassifications:

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

In the Group’s opinion, the presentation of net income from sale of receivables in ‘Net impairment losses on financial assets, other assets and provisions’ more adequately reflects the economic content of such transactions.

12. Post-balance sheet events

On 20.10.2008, Kredyt Bank S.A. and KBL European Private Bankers S.A. signed a loan agreement with the value of EUR 200 million (i.e. PLN 710,300,000 at the average rate of exchange of the National Bank of Poland as of 20.10.2008). The loan agreement was concluded on market terms with the repayment period of three years. The interest rate is based on LIBOR rate + margin. The amount of cash received by the Bank under the above-mentioned loan agreement exceeds 10% of the Bank's equity. Cash obtained under the above-mentioned loan will be used to finance the Bank's current operations.

On 24.10.2008, Fitch Ratings placed 'A+' rating of Kredyt Bank S.A. on Rating Watch Negative. This decision is directly connected with the Fitch Ratings' decision on placing the rating of KBC Bank N.V. (the parent company of Kredyt Bank S.A.) on Rating Watch Negative. At the same time, the remaining ratings of Kredyt Bank S.A. from Fitch Ratings have been confirmed at the previous levels, namely:
- short-term rating: F1,
- individual rating: C/D,
- support rating: 1

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

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

The table below presents Shareholders of Kredyt Bank S.A. holding over 5% of total votes at the General Meeting of Shareholders of Kredyt Bank S.A. as at 30.09.2008.

Shareholder	Line of business	Number of shares and votes at GMS	Share in votes and in share capital (in %)
KBC Bank N.V.*	Banking	217 327 103	80.00
KBC Securities – related party of KBC Bank NV *	Brokerage house	6 890 966**	2.54
Sofina SA	Investment company	15 014 772	5.53

\/ By the Resolution of the Commission for Banking Supervision No. 81/KNB/01 of 17 September 2001, KBC Bank N.V. is entitled to exercise no more than 75% of votes at the General Meeting of Shareholders of Kredyt Bank S.A.
***/ A memorandum from KBC Bank NV of 6 May 2008.*

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.

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

As at 30.09.2008, Mr. Marek Michałowski, a Member of the Bank's Supervisory Board, held 1000 shares of Kredyt Bank S.A. with the nominal value of PLN 5 thousand. Other Members of the Bank's Management Board and of the Bank's Supervisory Board did not hold any Bank's shares or shares in the Bank's subsidiaries and associates.

15. Information on proceedings before courts or public administration authority

In the third quarter of 2008, both the Bank and its subsidiaries were not a party to any proceedings before court or 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.

15.1. The cases in which the Bank is the defendant

The highest claim cases are as follows:

- 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. At the last hearing, the parties exchanged pleadings.
    - 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 a trustee in bankruptcy of LFO to participate in the case. In the meantime, the parties submitted pleadings.

- A trustee in bankruptcy of a company operating in the real estate developing sector (the name of the company is subject to confidentiality application) claims for payment of indemnity of PLN 32,256 thousand by the reason of effecting by the Bank of financial orders from the company's account on the basis of bank transfers orders and checks bearing a forged signature of one of the persons authorized to represent the company in dealings with the Bank. At the hearing on 21.11.2006, the plaintiff limited its claim for interest. The total amount claimed by the plaintiff equals PLN 20,665 thousand. On 20.03.2007, the court announced its decision and claimed the whole disputed amount with interest from the Bank. Having received the justification of the judgment, the Bank lodged the appeal and requested to summon the member of the company's management board who had forged signatures. The appeal court overruled the judgment of the court of first instance and referred the case to be re-examined by the circuit court. The first hearing at which the positions of the parties were established was held on 25.07.2008. The next hearing took place on 10.10.2008, however, the court adjourned it by 16.01.2009, giving the parties time for negotiations to settle the dispute out of court.
- A suit filed by MSG Investment Sp. z o.o. in liquidation. The plaintiff claims that, as a result of debt recovery measures taken by the Bank, he lost PLN 25 million (no calculations are presented in the lawsuit). In the Bank's opinion, the basis for claims specified in the lawsuit are doubtful. On 14.03.2008, the court dismissed the lawsuit of MSG for the Bank to pay PLN 25 million. MSG Investment appealed against this decision, however, on 30.06.2008, the appeal court in Łódź dismissed the appeal. On 26.08.2008, the Bank requested to concede the enforceability clause to the court judgment of 14.03.2008.
- On 17.01.2001, the President of the Office for Competition and Customer Protection, upon the request of Polska Organizacja Handlu i Dystrybucji, 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. Multiple pleadings are being exchanged prior to the determination of the date of the first hearing. The circuit court forwarded the reply of the President of the Office for Competition and Customer Protection and POHID to the Bank, along with the request to the Bank to express their opinion on the positions described in the letters. On 25.08.2008, the court decided to withhold the execution of the decision issued in the case of interchange fees.

- In relation to a loan transaction to finance the construction of Altus building in Katowice, the Bank and Reliz Sp. z o.o. (the owner of the building) are involved in certain disputes of legal nature. The Bank owns 100% shares of Reliz. The said disputes are related to claims of the guarantor of the loan to finance the building, i.e. Mostostal Zabrze Holding S.A., against the Bank and the owner of the building.
- From May to August 2005, the Bank entered into nine framework agreements concerning the conclusion of term exchange transactions. The transaction result amounts to PLN 7,986.5 thousand. The transactions were negotiated by the Bank's employee with customers' consent. As a result of a change in trends on the market, the majority of forwards resulted in huge losses. Customers who were requested to additionally hedge the transaction challenge the concluded transactions. Eight proceedings are pending in these cases, including four proceedings which were combined and will be heard jointly: at the hearing on 21.12.2007, the court awarded the total amount (with interest) of PLN 5.7 million to four customers, to be paid by the Bank. An appeal against the whole judgment was lodged on 11.02.2008. Two other proceedings were combined to be heard jointly. The hearing was held in September 2008 and was adjourned by 26.11.2008. Negotiations with clients are under way to reach out-of-court agreement. In the seventh case, the court announced its judgment on 29.07.2008, i.e. the court dismissed the lawsuit and awarded the proceedings costs to the Bank. In the eighth case, the lawsuit was lodged in January 2008, two hearings have already taken place (on 15.07.2008 and 26.08.2008), however, the court adjourned the proceedings by 06.01.2009.
- A trustee in bankruptcy for a company from the media industry claims damages of PLN 4,350 thousand due to improper performance by Inwestycyjny Dom Maklerski Kredyt Banku S.A. of the firm commitment underwriting agreement for the shares of the said company by alleged improper settlement of proceeds from the issue of such shares. At the hearing on 24.09.2007, the court obliged the Bank and KBC Securities (the legal successor of Inwestycyjny Dom Maklerski since 01.04.2005) to present documents in the case. At the hearing on 11.01.2008, the court dismissed the lawsuit. On 14.03.2008, the Bank received the plaintiff's appeal. The plaintiff appeals against the whole judgment of the circuit court stating that the rules of procedure and the substantive law were violated. At the hearing on 24.10.2008, the court dismissed the plaintiff's appeal and the judgment is legally valid.
- 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, a 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. The first hearing was held on 8.06.2008: the court suspended the proceedings due to formal deficiencies in the company's power of attorney. Under its decision of 27.06.2008, the court re-opened the proceedings. 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. The Bank requested the court to justify of the judgment.

- Kredyt Lease S.A., a company of KB Group, remains in dispute with tax authorities concerning the proper reinvoicing of insurance costs of a leased item to the lessee. The company burdens the lessee with the insurance costs on the basis of an accounting note. Following the check by the tax office concerning the settlement of VAT for February 2006, the company received a decision stating that insurance costs were elements of the leasing fee and should be taxed with VAT at 22%. The company appealed against the tax office's decision to the appeal authority, i.e. the Treasury Office. By the publication date of this report, tax authorities have failed to issue the final decision in the pending tax proceedings.

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

16. Related party transactions

On 25.08.2008, Kredyt Bank S.A. executed, with KBL European Private Bankers S.A., a multicurrency loan agreement up to the amount equivalent to EUR 200 million (i.e. PLN 662,540,000.00 at the average exchange rate of the National Bank of Poland as of 25.08.2008). The loan agreement was concluded on market terms with the repayment period of three years. The loan can be drawn in EUR, CHF or PLN. The interest rate is based on LIBOR/WIBOR rates + margin. The amount of cash received under the above-mentioned loan agreement exceeds 10% of the Bank's equity. Cash obtained under the above-mentioned loan will be used to finance the Bank's current operations.

Apart from the above transaction, in the third quarter of 2008, no significant non-standard transactions had place with related parties whose total value, in the period from the beginning of the financial year, would be equal to or exceed PLN equivalent of EUR 500 thousand, and whose nature and terms were not related to current operations.

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

As at 30.09.2008, the Bank did not issue guarantees with the total value of at least 10% of the Bank's equity, to one company or companies of one capital group.

As at 30.09.2007, 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 235,000 thousand.

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

18. Seasonality or cyclical nature of operations

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

19. Non-typical factors and events

In three quarters of 2008, as in three quarters of 2007, no untypical events occurred in the Group (not related to operating activities) that would affect the structure of balance sheet items and the financial result.

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

On 26.08.2008, a loan agreement on financing client's current operations was signed with the client being a non-banking financial institution. The total value of all the agreements concluded by the Bank with this client in previous 12 months is equal to PLN 308,101,000 and it meets the criterion of a significant agreement, because it exceeds the amount equal to 10% of the Bank's equity. The agreements of the highest value concluded by the Bank with this client within the period of the previous 12 months are: four loan agreements concerning the financing of the client's current operations with the value of up to PLN 50,000,000 each. They were concluded on 07.09.2007, 15.10.2007, 19.11.2007 and 14.12.2007. The interest rate of the loans granted on the basis of these agreements was based on the WIBOR 1M rate plus the Bank's margin. As provided for in each of these loan agreements, the lending period is equal to 5 years.

On 27.08.2008, Kredyt Bank S.A. concluded, with a client from the wood processing sector, a loan agreement which provides for the financing of the client's investment. The total value of all the agreements concluded by the Bank with the entities of the capital group to which this client belongs, within the period of the previous 12 months, is equal to PLN 299,860,669 and it meets the criterion of a significant agreement, because it exceeds the amount equal to 10% of the Bank's equity. A syndicated loan agreement with the value of EUR 170,000,000 is the agreement of the highest value that was concluded by the Bank with the entities of the capital group to which the client belongs within the period of the previous 12 months. The agreement was concluded with two other entities of this capital group on 28.09.2007 and the share of Kredyt Bank S.A. in this agreement is equal to EUR 40,000,000. (i.e. PLN 151,100,000 at the average exchange rate of the NBP of 28.09.2007). The interest rate of the loan granted on the basis of this syndicated loan agreement is based on EURIBOR rate plus the Bank's margin. As provided for in this syndicated loan agreement, the lending period is equal to 7 years.

On 5.09.2008, the Polish Financial Supervision Authority granted its formal consent to the appointment of Mr. Maciej Bardan as the President of the Management Board of Kredyt Bank S.A.

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

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

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

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

- slower growth of household income in real terms due to the expected weakening of positive trends on the labour market (a lower employment growth rate, stagnant unemployment rate and a lower wages growth rate) and the resulting lower consumer demand;
- more limited investing activeness in enterprises sector;
- a rapid decline in the export growth rate, partially compensated for at the financial result level by the depreciation of the Polish zloty;
- persisting high cost of long-term liquidity both in PLN and in foreign currencies;
- lower demand for mortgages due to the banks'/regulator's more restrictive lending policy;
- a decrease in prices on the real property market;
- a long-term turmoil on financial markets which may lead to a lower demand for financial products offered by the Group due to the deepening of clients' aversion to risk which is already high.

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

23.1. Income Statement

in PLN '000'	**Third quarter of 2008 01.07.2008 - 30.09.2008**	**Three quarters of 2008 01.01.2008 - 30.09.2008**	**Third quarter of 2007 01.07.2007 - 30.09.2007**	**Three quarters of 2007 01.01.2007 - 30.09.2007**
Interest income	559 500	1 518 720	400 968	1 073 138
Interest expense	-332 509	-882 390	-197 609	-513 854
Net interest income	**226 991**	**636 330**	**203 359**	**559 284**
Fee and commission income	99 566	279 644	95 385	271 350
Fee and commission expense	-26 383	-67 071	-25 350	-51 665
Net fee and commission income	**73 183**	**212 573**	**70 035**	**219 685**
Dividend income	401	10 067	0	7 977
Net trading income	77 418	178 942	39 610	114 938
Net result on derivatives used as hedging instruments and hedged items	3 323	449	-244	-1 749
Net gains from investment activities	-52	178	300	3 489
Other operating income	15 388	37 427	7 296	25 967
Total operating income	**396 652**	**1 075 966**	**320 356**	**929 591**
General and administrative expenses	-215 747	-651 761	-198 848	-596 824
Net impairment losses on financial assets, other assets and provisions	-38 401	-71 828	25 683	62 063
Other operating expenses	-6 129	-24 357	-8 394	-23 143
Total operating expenses	**-260 277**	**-747 946**	**-181 559**	**-557 904**
Net operating income	**136 375**	**328 020**	**138 797**	**371 687**
Profit before tax	**136 375**	**328 020**	**138 797**	**371 687**
Income tax expense	-27 932	-66 467	-27 204	-80 190
Net profit	**108 443**	**261 553**	**111 593**	**291 497**
Weighted average number of ordinary shares	271 658 880	271 658 880	271 658 880	271 658 880
Earnings per ordinary share (in PLN)	0.40	0.96	0.41	1.07

23.2. Balance Sheet

in PLN '000'	30.09.2008	30.06.2008	31.12.2007	30.09.2007
Assets				
Cash and balances with Central Bank	941 250	1 365 371	611 672	973 576
Gross loans and advances to banks	851 227	985 910	2 456 349	4 323 821
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 260	-2 260
Receivables arising from repurchase transactions	0	12 523	0	0
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	1 740 151	965 512	448 499	233 493
Derivatives including:	939 444	838 843	495 095	308 779
- derivatives used as hedging instruments	42 051	5 658	34 025	24 080
Gross loans and advances to customers	23 112 476	20 360 302	17 738 052	16 495 935
Impairment losses on loans and advances to customers	-866 328	-837 417	-839 724	-948 748
Investment securities:	5 868 906	5 680 030	5 478 269	5 482 025
- available-for-sale	4 088 433	3 925 222	3 433 103	3 420 369
- held-to-maturity	1 780 474	1 754 808	2 045 166	2 061 656
Investments in subsidiaries, associates and jointly controlled entities	66 061	66 060	73 876	73 835
Property, plant and equipment	379 355	383 805	343 438	323 239
Intangible assets	56 659	60 002	65 425	63 780
Deferred tax asset	65 666	122 445	124 062	119 238
Non-current assets classified as held for sale	0	0	767	1 270
Other assets	84 208	92 555	74 984	87 291
Total assets	**33 236 816**	**30 093 681**	**27 068 504**	**27 535 274**

in PLN '000'	30.09.2008	30.06.2008	31.12.2007	30.09.2007
Liabilities				
Amounts due to Central Bank	1 611	1 590	1 101 661	2 078
Amounts due to banks	8 336 974	7 057 731	5 271 449	6 833 515
Derivatives including:	658 136	787 484	474 370	268 994
- derivatives used as hedging instruments	10 903	57 832	44 178	18 775
Amounts due to customers	20 400 997	19 498 603	17 180 731	17 010 007
Liabilities arising from repurchase transactions	979 643	0	50 126	500 151
Current tax liability	1 229	6 540	7 136	1 317
Provisions	66 180	66 918	105 724	102 692
Other liabilities	186 056	314 445	249 216	222 436
Subordinated liabilities	215 606	208 800	394 235	415 676
Total liabilities	**30 846 432**	**27 942 111**	**24 834 648**	**25 356 866**
Equity				
Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Supplementary capital	580 974	580 974	381 718	381 718
Revaluation reserve	-51 379	-181 750	-87 617	-34 043
Reserves	240 942	240 942	180 942	180 942
Retained earnings/loss	0	0	0	0
Current net profit attributable to the Shareholders of the Bank	261 553	153 110	400 519	291 497
Total equity	**2 390 384**	**2 151 570**	**2 233 856**	**2 178 408**
Total equity and liabilities	**33 236 816**	**30 093 681**	**27 068 504**	**27 535 274**
Capital adequacy ratio (%)	9.52	9.92	9.63	10.55
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	8.80	7.92	8.22	8.02

23.3. Off-balance Sheet Items

in PLN '000'	30.09.2008	30.06.2008	31.12.2007	30.09.2007
Contingent liabilities, granted and received				
Liabilities granted, including:	**6 658 176**	**6 595 660**	**6 030 093**	**5 851 229**
- financial	5 079 329	5 272 770	4 410 804	4 244 718
- guarantees	1 578 847	1 322 890	1 619 289	1 606 511
Liabilities received, including:	**1 688 862**	**1 589 571**	**2 224 054**	**1 239 094**
- financial	516 360	479 175	902 441	670 002
- guarantees	1 172 502	1 110 396	1 321 613	569 092
Liabilities related to the sale/purchase transactions	**311 095 732**	**295 127 547**	**218 165 219**	**170 301 827**
Other	**4 138 039**	**3 945 378**	**3 300 837**	**3 181 172**
- collateral received	4 138 039	3 945 378	3 300 837	3 181 172

23.4. Statement of Changes in Equity

Changes in the period 01.01.2008 – 30.09.2008

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (losses)	Net profit/loss for the period	Total equity
Equity at opening balance – as of 01.01.2008	**1 358 294**	**381 718**	**-87 617**	**180 942**	**400 519**	**0**	**2 233 856**
Valuation of financial assets available-for-sale			15 208				15 208
Effects of valuation of derivatives designated for cash flow hedge			29 530				29 530
Deferred tax on items recognized in equity			-8 500				-8 500
Net profit recognized directly in the equity			**36 238**				**36 238**
Net profit/loss for the period						261 553	261 553
Total of recognized income and expenses			**36 238**			**261 553**	**297 791**
Profit distribution		199 256		60 000	-259 256		0
Dividend paid					-141 263		-141 263
Equity at end of period – as of 30.09.2008	**1 358 294**	**580 974**	**-51 379**	**240 942**	**0**	**261 553**	**2 390 384**

Changes in the period 01.01.2007– 31.12.2007

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (losses)	Net profit/loss for the period	Total equity
Equity at opening balance – as of 01.01.2007	**1 358 294**	**104 789**	**18 275**	**120 942**	**437 443**	**0**	**2 039 743**
Valuation of financial assets available-for-sale			-89 090				-89 090
Effects of valuation of derivatives designated for cash flow hedge			-41 641				-41 641
Deferred tax on items recognized in equity			24 839				24 839
Net profit/loss recognized directly in the equity			**-105 892**				**-105 892**
Net profit/loss for the period						400 519	400 519
Total of recognized income and expenses			**-105 892**			**400 519**	**294 627**
Profit distribution		276 929		60 000	-336 929		0
Dividend paid					-100 514		-100 514
Equity at end of period – as of 31.12.2007	**1 358 294**	**381 718**	**-87 617**	**180 942**	**0**	**400 519**	**2 233 856**

Changes in the period 01.01.2007 – 30.09.2007

in PLN '000'	Share capital	Supplementary capital	Revaluation reserve	Reserves	Retained earnings (losses)	Net profit/loss for the period	Total equity
Equity at opening balance – as of 01.01.2007	**1 358 294**	**104 789**	**18 275**	**120 942**	**437 443**	**0**	**2 039 743**
Valuation of financial assets available-for-sale			-49 002				-49 002
Effects of valuation of derivatives designated for cash flow hedge			-15 588				-15 588
Deferred tax on items recognized in equity			12 272				12 272
Net profit recognized directly in the equity			**-52 318**				**-52 318**
Net profit/loss for the period						291 497	291 497
Total of recognized income and expenses			**-52 318**			**291 497**	**239 179**
Profit distribution		276 929		60 000	-336 929		0
Dividend paid					-100 514		-100 514
Equity at end of period – as of 30.09.2007	**1 358 294**	**381 718**	**-34 043**	**180 942**	**0**	**291 497**	**2 178 408**

23.5. Cash Flow Statement

in PLN '000'	Third quarter of 2008 01.07.2008 - 30.09.2008	Three quarters of 2008 01.01.2008 - 30.09.2008	Third quarter of 2007 01.07.2007 - 30.09.2007	Three quarters of 2007 01.01.2007 - 30.09.2007
Net cash flow from operating activities				
Net profit	**108 443**	**261 553**	**111 593**	**291 497**
Adjustments to net profit and net cash from operating activities	**-1 336 445**	**-2 611 965**	**646 352**	**759 115**
Current and deferred tax recognized in financial result	27 932	66 467	27 204	80 190
Non-realised profit (loss) from currency translation differences	102 455	20 783	9 307	-18 771
Investing and financing activities	**-6 198**	**-31 702**	**-76 556**	**-199 516**
Depreciation	22 152	62 596	23 578	68 611
Net increase/decrease in impairment	28 901	26 204	-47 665	-148 567
Dividends	-401	-10 067	0	-7 977
Interest	-54 310	-67 111	-57 578	-116 227
Net increase/decrease in provisions	-738	-39 544	1 731	3 917
Profit (loss) on disposal of investments	-1 802	-3 780	3 378	727
Net increase/decrease in operating assets (excluding cash)	**-3 274 276**	**-6 845 617**	**-1 834 246**	**-3 395 129**
Net increase/decrease in gross loans and advances to banks	250 884	228 548	-191 937	-143 691
Net increase/decrease in financial assets at fair value through profit or loss, including: financial assets held for trading and derivatives	-859 253	-1 736 846	131 900	367 113
Net increase/decrease in gross loans and advances to customers	-2 752 174	-5 374 424	-1 750 549	-3 581 763
Paid/received income tax	-7 162	-22 719	-18 408	-31 804
Net increase/decrease in other assets	93 429	59 824	-5 252	-4 984
Net increase/decrease in operating liabilities	**1 831 642**	**4 178 104**	**2 520 643**	**4 292 341**
Net increase/decrease in amounts due to Central Bank	21	-1 100 050	17	88
Net increase/decrease in amounts due to banks	44 313	996 682	2 738 361	3 748 310
Net increase/decrease in derivatives	-129 348	183 766	-43 921	-27 480
Net increase/decrease in amounts due to customers	902 394	3 220 266	-189 924	1 134 674
Net increase/decrease in liabilities arising from repurchase transactions	979 643	929 517	-42 984	-553 777
Net increase/decrease in other liabilities	16 619	-52 077	59 094	-9 474
Net cash flow from operating activities	**-1 228 002**	**-2 350 412**	**757 945**	**1 050 612**

in PLN '000'	Third quarter of 2008	Three quarters of 2008	Third quarter of 2007	Three quarters of 2007
	01.07.2008 - 30.09.2008	01.01.2008 - 30.09.2008	01.07.2007 - 30.09.2007	01.01.2007 - 30.09.2007
Net cash flow from investing activities				
Inflows	**48 210**	**588 308**	**901 845**	**2 656 294**
Disposal of property, plant and equipment and intangible assets	1 887	1 907	10	312
Disposal of investment securities	5 982	422 753	893 119	2 496 653
Dividends	401	10 067	0	7 977
Interest received	39 940	153 581	8 716	151 352
Outflows	**-61 091**	**-881 628**	**-851 860**	**-2 179 833**
Acquisition of property, plant and equipment and intangible assets	-17 815	-118 947	-17 979	-52 565
Acquisition of interests in equity investments classified as available-for-sale investments	0	0	-5	-5
Acquisition of investment securities	-43 276	-762 681	-833 876	-2 127 263
Net cash flows from investing activities	**-12 881**	**-293 320**	**49 985**	**476 461**
Cash flow from financing activities				
Inflows	**1 124 505**	**2 249 783**	**941 999**	**941 999**
Proceeds from subordinated loan	0	209 580	0	0
Proceeds from borrowings	1 124 505	2 040 203	941 999	941 999
Outflows	**-191 542**	**-653 047**	**-121 257**	**-161 379**
Repayment of subordinated liabilities	0	-375 045	0	0
Dividend paid	-141 263	-141 263	-100 514	-100 514
Other financial outflows	-50 279	-136 739	-20 743	-60 865
Net cash flow from financing activities	**932 963**	**1 596 736**	**820 742**	**780 620**
Net increase/decrease in cash, including:	**-307 920**	**-1 046 996**	**1 628 672**	**2 307 693**
Cash at the beginning of the period	**1 950 817**	**2 689 893**	**2 947 758**	**2 268 737**
Cash at the end of the period, including:	**1 642 897**	**1 642 897**	**4 576 430**	**4 576 430**
Restricted cash	752 627	752 627	600 221	600 221

Signatures of all Management Board Members

date	06.11.2008	Maciej Bardan	President of the Management Board	....
date	06.11.2008	Umberto Arts	Vice President of the Management Board	....
date	06.11.2008	Lidia Jabłonowska - Luba	Vice President of the Management Board	....
date	06.11.2008	Krzysztof Kokot	Vice President of the Management Board	....
date	06.11.2008	Michał Oziembło	Vice President of the Management Board	....

Signature of a person responsible for keeping the accounting books

date	06.11.2008	Grzegorz Kędzior	Director of Accounting and External Reporting Department	....