



**Interim Consolidated Financial Statements
of Kredyt Bank S.A. Capital Group
for the Fourth Quarter of 2007
prepared in accordance with
International Financial Reporting Standards**

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1. Consolidated Income Statement

	4th quarter of 2007	Four quarters of 2007	4th quarter of 2006	Four quarters of 2006
	01.10.2007 - 31.12.2007	01.01.2007 - 31.12.2007	01.10.2006 - 31.12.2006	01.01.2006 - 31.12.2006
<i>in PLN '000'</i>				
Interest income	450 381	1 594 854	342 868	1 328 798
Interest expense	-213 967	-723 381	-143 668	-548 759
Net interest income	236 414	871 473	199 200	780 039
Fee and commission income	96 685	367 674	86 683	300 330
Fee and commission expense	-6 469	-58 173	-7 368	-30 219
Net fee and commission income	90 216	309 501	79 315	270 111
Dividend income	0	1 328	0	1 027
Net trading income	64 223	179 243	40 526	138 545
Net result on derivatives used as hedging instruments and hedged items	-1 870	-3 619	663	-52
Net gains from investment activity	1 044	4 533	9 333	13 173
Net income from sale of receivables	33 807	54 893	4 274	149 662
Other operating income	32 183	82 915	27 055	63 732
Total operating income	456 017	1 500 267	360 366	1 416 237
General and administrative expenses	-277 019	-974 622	-270 187	-930 242
Net impairment losses on financial assets, other assets and provisions	-14 258	30 069	-7 181	19 077
Other operating expenses	-24 747	-55 270	-14 211	-46 208
Total operating expenses	-316 024	-999 823	-291 579	-957 373
Net operating income	139 993	500 444	68 787	458 864
Share in profits of associates	-1 447	1 513	180	1 731
Profit before tax	138 546	501 957	68 967	460 595
Income tax expense	-29 017	-111 418	12 384	7 495
Net profit	109 529	390 539	81 351	468 090
Including:				
attributable to the Shareholders of the Bank	109 529	390 539	81 351	468 090
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	1.44	0.30	1.72

2. Consolidated Balance Sheet

<i>in PLN '000'</i>	31.12.2007	30.09.2007	31.12.2006	30.09.2006
Assets				
Cash and balances with Central Bank	611 690	973 593	640 743	417 868
Gross loans and advances to banks	2 456 352	4 323 866	2 206 403	2 754 409
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 753	-2 894
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	465 027	249 838	628 748	245 548
Derivatives, including:	495 095	308 779	297 427	231 534
- derivatives used as hedging instruments	34 025	24 080	3 403	1 032
Gross loans and advances to customers	17 456 184	16 249 918	12 643 843	12 603 623
Impairment losses on loans and advances to customers	-834 327	-968 713	-1 087 462	-1 601 945
Investment securities:	5 482 335	5 486 047	5 906 680	6 976 107
- available-for-sale	3 437 169	3 424 391	3 457 907	4 310 792
- held-to-maturity	2 045 166	2 061 656	2 448 773	2 665 315
Investments in associates valued using the equity method	12 174	13 621	10 661	10 481
Property, plant and equipment	396 446	382 284	385 657	431 025
Intangible assets	67 212	64 728	85 608	87 643
Goodwill on subordinated companies	36 052	36 052	36 052	36 052
Deferred tax asset	150 658	137 836	153 729	126 726
Current tax receivable	1 309	3 805	15 582	5 858
Non-current assets classified as held for sale	767	1 270	194 771	10 571
Investment properties	219 509	221 465	0	0
Other assets	113 957	127 085	116 339	125 943
Total assets	27 128 180	27 609 214	22 232 028	22 458 549

<i>in PLN '000'</i>	31.12.2007	30.09.2007	31.12.2006	30.09.2006
Liabilities				
Amounts due to Central Bank	1 101 661	2 078	1 990	2 365
Amounts due to banks	5 301 449	6 833 515	2 164 826	2 650 463
Derivatives, including:	474 370	268 994	296 474	224 955
- derivatives used as hedging instruments	44 178	18 775	554	0
Amounts due to customers	17 088 638	16 963 662	15 807 263	15 605 287
Debt securities issued	0	0	0	0
Liabilities arising from repurchase transactions	50 126	500 151	1 033 925	1 299 267
Current tax liability	7 228	1 462	961	1 712
Provisions	161 034	170 474	169 226	74 949
Deferred tax liability	872	1 182	1 146	164
Other liabilities	272 264	231 602	242 340	169 188
Subordinated liabilities	394 235	415 676	421 619	438 304
Total liabilities	24 851 877	25 388 796	20 139 770	20 466 654
Equity				
Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Share premium	383 711	383 711	104 789	104 789
Revaluation reserve	-87 618	-34 043	18 275	-806
Reserves	180 942	180 942	120 942	120 942
Currency translation differences from the translation of subordinated companies and foreign branches	-733	-664	-646	-577
Retained earnings/loss	51 168	51 168	22 514	22 514
Current net profit attributable to the Shareholders of the Bank	390 539	281 010	468 090	386 739
Total equity attributable to the shareholders of the Bank	2 276 303	2 220 418	2 092 258	1 991 895
Minority interest				
Total equity	2 276 303	2 220 418	2 092 258	1 991 895
Total equity and liabilities	27 128 180	27 609 214	22 232 028	22 458 549
Capital adequacy ratio (%)	9,71	10,65	13,69	14,03
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	8.38	8.17	7.70	7.33

3. Off-balance Sheet Items

<i>in PLN '000'</i>	31.12.2007	30.09.2007	31.12.2006	30.09.2006
Contingent liabilities, granted and received	8 226 499	7 056 389	5 063 100	5 409 301
Liabilities granted, including:	6 002 445	5 817 295	4 561 293	5 013 020
- financial	4 374 464	4 202 092	3 354 667	3 601 446
- guarantees	1 627 981	1 615 203	1 206 626	1 411 574
Liabilities received, including:	2 224 054	1 239 094	501 807	396 281
- financial	902 441	670 002	205 139	70 867
- guarantees	1 321 613	569 092	296 668	325 414
Liabilities related to sale/purchase transactions	218 165 219	170 301 827	138 370 817	116 462 237
Other	3 211 824	3 098 694	3 096 732	3 010 748
- collaterals received	3 210 280	3 097 150	3 094 683	3 010 743
- other	1 544	1 544	2 049	5

4. Statement of Changes in Consolidated Equity

Changes in the period from 1 January to 31 December 2007

	Share capital	Share premium	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies and foreign branches	Retained earnings (losses)	Net profit for the period	Total equity attributable to the shareholders of the Bank	Minority interest	Total equity
<i>in PLN '000'</i>										
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			-89 091					-89 091		-89 091
Effects of valuation of derivatives designated for cash flow hedge			-41 641					-41 641		-41 641
Deferred tax on items recognised in equity			24 839					24 839		24 839
Net profit/loss recognised directly in the equity			-105 893					-105 893		-105 893
Net profit for the period							390 539	390 539		390 539
Total of recognised income and expenses			-105 893				390 539	284 646		284 646
Profit's distribution		278 922		60 000		-338 922		0		
Dividends 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	-87 618	180 942	-733	51 168	390 539	2 276 303	0	2 276 303

Changes in the period from 1 January to 31 December 2006

	Share capital	Share premium	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies and foreign branches	Retained earnings (losses)	Net profit for the period	Total equity attributable to the shareholders of the Bank	Minority interest	Total equity
<i>in PLN '000'</i>										
Equity at opening balance – as of 01.01.2006	1 358 294	0	15 928	120 942	-637	187 068	0	1 681 595	0	1 681 595
Valuation of financial assets available-for-sale			1 972					1 972		1 972
Effects of valuation of derivatives designated for cash flow hedge			1 195					1 195		1 195
Deferred tax on items recognised in equity			-820					-820		-820
Net profit/loss recognised directly in the equity			2 347					2 347		2 347
Net profit for the period							468 090	468 090		468 090
Total of recognised income and expenses			2 347				468 090	470 437		470 437
Profit's distribution		104 789				-104 789		0		0
Dividends paid						-59 765		-59 765		-59 765
Currency translation differences					-9			-9		-9
Equity at end of period – as of 31.12.2006	1 358 294	104 789	18 275	120 942	-646	22 514	468 090	2 092 258	0	2 092 258

5. Consolidated Cash Flow Statement

<i>in PLN '000'</i>	4th quarter of 2007 01.10.2007 - 31.12.2007	Four quarters of 2007 01.01.2007 - 31.12.2007	4th quarter of 2006 01.10.2006 - 31.12.2006	Four quarters of 2006 01.01.2006 - 31.12.2006
Net cash flow from operating activities				
Net profit	109 529	390 539	81 351	468 090
Adjustments to net profit and net cash from operating activities:	-2 802 402	-2 031 758	-1 355 583	-728 046
Current and deferred tax recognised in financial result	29 017	111 418	-12 384	-7 495
Non-realised profit (loss) from currency translation differences	-65 105	-83 895	-37 015	-9 002
Investing and financing activities	-140 132	-288 162	-369 505	-1 550 523
Depreciation	26 532	110 663	27 203	112 401
Share in profits of associates	1 447	-1 513	-180	-1 731
Net increase/decrease in impairment	-136 065	-244 758	-432 978	-1 493 309
Dividends	0	-1 328	0	-1 027
Interest	-19 969	-136 196	-72 121	-265 643
Net increase/decrease in provisions	-9 440	-8 192	94 277	91 379
Profit (loss) on disposal of investments	-2 637	-6 838	14 294	7 407
Net increase/decrease in operating assets (excluding cash)	-1 267 753	-4 735 265	-537 673	-702 427
Net increase/decrease in gross loans and advances to banks	342 839	199 148	164 564	19 703
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	-381 813	-15 209	-448 447	-221 970
Net increase/decrease in gross loans and advances to customers	-1 206 266	-4 812 341	-40 220	-327 864
Paid income tax	-21 509	-60 346	28 716	29 395
Net increase/decrease in other assets	-1 004	-46 517	-242 286	-201 691
Net increase/decrease in operating liabilities	-1 358 429	2 964 146	-399 006	1 541 401
Net increase/decrease in amounts due to Central Bank	1 099 583	1 099 671	-375	1 990
Net increase/decrease in amounts due to banks	-2 379 268	1 369 042	-444 298	-387 678
Net increase/decrease in derivatives	205 376	177 896	71 519	76 319
Net increase/decrease in amounts due to customers	124 976	1 281 375	201 976	1 197 378
Net increase/decrease in liabilities arising from repurchase transactions	-450 025	-983 799	-265 342	665 224
Net increase/decrease in other liabilities	40 929	19 961	37 514	-11 832
Net cash flow from operating activities	-2 692 873	-1 641 219	-1 274 232	-259 956

<i>in PLN '000'</i>	4th quarter of 2007 01.10.2007 - 31.12.2007	Four quarters of 2007 01.01.2007 - 31.12.2007	4th quarter of 2006 01.10.2006 - 31.12.2006	Four quarters of 2006 01.01.2006 - 31.12.2006
Net cash flow from investing activities				
Inflows	81 990	2 733 517	6 721 674	42 833 230
Disposal of property, plant and equipment and intangible assets	4 173	6 367	7 777	17 353
Disposal of shares classified as available for sale	0	0	0	17 012
Disposal of investment securities	6 433	2 503 086	6 625 052	42 556 989
Dividends	0	1 328	0	1 027
Interest received	71 384	222 736	88 845	240 849
Outflows	-154 093	-2 347 545	-5 601 667	-41 774 172
Acquisition of property, plant and equipment and intangible assets	-51 123	-117 307	-30 245	-96 570
Acquisition of shares in subordinated companies	-45	-50	0	0
Acquisition of investment securities	-102 925	-2 230 188	-5 571 422	-41 677 602
Net cash flows from investing activities	-72 103	385 972	1 120 007	1 059 058
Cash flow from financing activities				
Inflows	904 442	1 846 441	0	0
Proceeds from loans and advances	904 442	1 846 441	0	0
Outflows	-26 044	-171 150	-6 342	-778 121
Dividends paid	0	-100 514	0	-59 765
Repayment of subordinated liabilities	0	0	0	-157 605
Redemption of own issue bonds	0	0	0	-400 000
Repayment of loans and advances	0	0	0	-95 454
Other financial outflows	-26 044	-70 636	-6 342	-65 297
Net cash flow from financing activities	878 398	1 675 291	-6 342	-778 121
Net increase/decrease in cash	-1 886 578	420 044	-160 567	20 981
Cash at the beginning of the period	4 576 492	2 269 870	2 430 437	2 248 889
Cash at the end of the period, including:	2 689 914	2 689 914	2 269 870	2 269 870
restricted cash	635 061	635 061	537 194	537 194

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 International Accounting Standards (IAS) and 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 fourth quarter of 2007 has been prepared in line with the IAS/IFRS as in force at the date of this statement. Specifically, this report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and matters not governed by 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 fourth quarter of 2007

Net profit of PLN 391 million generated by the Group during the four quarters of 2007 is the evidence that the strategy adopted by the Management Board focused on the development of selected business areas and that the well-planned restructuring of operating activities and assets is bringing measurable results to shareholders.

7.1. Financial result

Group's net profit and profit before tax

The Group's net profit in 2007 amounted to PLN 390,539 thousand, while net profit generated in 2006 amounted to PLN 468,090 thousand. Profit before tax in 2007 amounted to PLN 501,957 thousand as compared to PLN 460,595 thousand in 2006.

The decrease in net profit generated in 2007 as compared to net profit for 2006 resulted mainly from the sale of receivables in the second quarter of 2006 (total profit before tax on the sale of receivables in 2006 amounted to PLN 149,662 thousand). Net profit for 2007 was lower than net profit for 2006 also due to the deduction from gross profit for 2007 of income tax of PLN 111,418 thousand as compared to the addition of PLN 7,495 thousand to gross profit for 2006.

With respect to all significant categories of operating income (excluding net income on sale of receivables), in 2007, as compared to 2006, an increase was observed which resulted from the increasing business activeness.

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

<i>in PLN '000'</i>	4th quarter of 2007	4th quarter of 2006	Change (%)	Four quarters of 2007	Four quarters of 2006	Change (%)
Net interest income	236 414	199 200	19%	871 473	780 039	12%
Net fee and commission income	90 216	79 315	14%	309 501	270 111	15%
Net trading income and investments *	63 397	50 522	25%	181 485	152 693	19%
Net income from sale of receivables	33 807	4 274	691%	54 893	149 662	-63%
Net income from other operating income/expenses	7 436	12 844	-42%	27 645	17 524	58%
Total	431 270	346 155	25%	1 444 997	1 370 029	5%
General and administrative expenses	-277 019	-270 187	3%	-974 622	-930 242	5%
Net impairment losses on financial assets, other assets and provisions	-14 258	-7 181	99%	30 069	19 077	58%
Share of profit of associates	-1 447	180		1 513	1 731	
Profit before tax	138 546	68 967	101%	501 957	460 595	9%
Income tax expense	-29 017	12 384		-111 418	7 495	
Net profit	109 529	81 351	35%	390 539	468 090	-17%

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

Net interest, fee and commission income

Net interest income generated by the Group in 2007 amounted to PLN 871,473 thousand, i.e. it was higher by 11.7% than the corresponding figure generated in 2006. Net fee and commission income in 2007 amounted to PLN 309,501 thousand and was higher by 14.6% than the corresponding figure in 2006. The higher net interest income, and net fee and commission income were directly affected by a significant increase in the value of the loan portfolio.

Net trading income and investments

In 2007, net trading income and investments, including net result on derivatives used as hedging instruments and hedged items and dividend income amounted to PLN 181,485 thousand as compared to PLN 152,693 thousand recorded in the analogous period of 2006.

Net income from sale of receivables

On 14.04.2006, the Bank and an external entity (BEST I Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty) concluded an agreement on the sale of receivables of Kredyt Bank S.A. and Żagiel S.A. The maximum amount of the principal of the receivables sold was determined at PLN 1,044,771 thousand, which made that transaction the biggest one effected on the Polish market. As a result of signing the two disposing contracts on 9 and 16 June 2006, the principal of PLN 929,970 thousand was sold. Total profit before tax on the sale of receivables in 2006 amounted to PLN 149,662 thousand.

In 2007, the Group sold receivables related to the operations of Żagiel, as an intermediary in the sale of loan products and the Bank's other receivables. Total profit before tax on the sale of all receivables in 2007 amounted to PLN 54,893 thousand.

General and administrative expenses

The Group's general and administrative expenses in 2007 amounted to PLN 974,622 thousand and, as compared to 2006, they increased by 4.8%. A slight increase in general and administrative expenses in 2007 was related mainly to the increase in salaries and additional costs of the development of the distribution network of Żagiel S.A.

Cost/income ratio (CIR)

Cost/income ratio (CIR) in 2007 was equal to 67.4%, which denotes a decrease as compared to the analogous period in 2006 by 0.5 p.p. When comparing the ratios in the fourth quarter of 2007 and in the fourth quarter of 2006, CIR decreased significantly – by 13.9 p.p.

<i>in %</i>	4th quarter of 2007	Four quarters of 2007	4th quarter of 2006	Four quarters of 2006
Cost/income ratio (CIR)	64.2	67.4	78.1	67.9

Excluding net income on sale of receivables, the decrease in CIR for 2007 as compared to CIR for 2006 amounted to 6.1 p.p.

Net impairment losses on financial assets, other assets and provisions

At the end of the fourth quarter of 2007, the Group generated positive balance of net impairment losses on financial assets, other assets and provisions of PLN 30,069 thousand. The release of provisions was the effect of, among other things, effective restructuring and debt collection activities with respect to doubtful receivables and the reversal of write-downs of other assets.

Corporate income tax

At the end of the fourth quarter of 2007, the Bank's corporate income tax amounted to PLN 111,683 thousand. The Bank had positive tax basis which resulted in the deduction of current tax of PLN 73,783 thousand. At the same time, deferred tax of PLN 37,900 thousand was charged on the Bank's financial result. Total income tax expense in the Group after four quarters of 2007 amounted to PLN 111,418 thousand as compared to PLN 7,495 thousand credited to the Group's result after four quarters of 2006.

7.2. Standalone financial result of the Bank

Net profit in the standalone financial statements higher by PLN 9,980 thousand as compared to the result of Kredyt Bank S.A. Capital Group is an effect of consolidation adjustments and the adopted accounting principle for the valuation of shares of subsidiaries and associates in the standalone financial statements. Shares in the standalone financial statements are recognised according to IAS 39, p. 66, as available-for-sale assets at cost less impairment. Under IAS 39, p. 66, impairment losses for equity investments recognised at historical cost are not reversed.

7.3. 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 fourth quarter of 2007, increased by 7.4% as compared to the third quarter of 2007, and by 38.1% as compared to the corresponding period in the previous year.

Dynamic growth was observed both in the retail loans as well as the corporate loans. The high sale rate was especially observed in the sales of mortgages.

Investment securities portfolio

In the fourth quarter of 2007, the level of investment securities portfolio remained high, which resulted from the increasing volume of amounts due to customers which, according to the adopted policy, are invested in debt securities.

Customers' deposits portfolio

Customers' deposits at the end of 2007 increased by 8.1% as compared to the end of 2006 and increased by 0.7% as compared to the end of the third quarter of 2007.

7.4. Improvement in the quality of receivables portfolio

In the fourth quarter of 2007, as in previous reporting periods, the Group continued the process of decreasing the volume of the impaired loans portfolio through efficient restructuring and debt collection activities.

In the fourth quarter of 2007, the value of impaired loans, i.e. for which evidence of impairment was identified, decreased by 20.9%, and by 33.2% over the previous 12 months. As a result, in the fourth quarter of 2007, the quality ratio for the Group's gross receivables portfolio improved by 2.3 p.p. and by 6.9 p.p. within 12 months.

The Group, when estimating credit risk for individual credit exposures and loan portfolios, follows the prudence concept. As at 31.12.2007, the coverage ratio for loans with evidence of impairment remains high – 69.3%.

in PLN '000'	31.12.2007	30.09.2007	30.06.2007	31.03.2007	31.12.2006
Loans and advances with no evidence for impairment	16 312 565	14 804 758	12 973 110	11 622 847	10 932 092
Loans and advances with evidence for impairment	1 143 619	1 445 160	1 536 387	1 635 961	1 711 751
Total gross loan and advances to customers	17 456 184	16 249 918	14 509 497	13 258 808	12 643 843
Impairment on loans and advances to customers	834 327	968 713	992 564	1 058 014	1 087 462
including: impairment on loans and advances with evidence of impairment	792 087	914 726	938 449	1 000 720	1 030 165
Total net loans and advances to customers	16 621 857	15 281 205	13 516 933	12 200 794	11 556 381
The share of loans and advances with evidence of impairment in total gross loans and advances	6.6%	8.9%	10.6%	12.3%	13.5%
Coverage of loans and advances with evidence of impairment with impairment	69.3%	63.3%	61.1%	61.2%	60.2%
Coverage of gross loans and advances to customers with impairment	4.8%	6.0%	6.8%	8.0%	8.6%

7.5. Capital adequacy ratio

The capital adequacy ratio, calculated in compliance with regulations of the National Bank of Poland in force, as of 31.12.2007 amounted to 9.71% as compared to 13.69% recorded as of 31.12.2006 and 10.65% as of 30.09.2007.

7.6. 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. 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

The Corporate Segment, in management reporting, 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 estates, and also of real estate trade.

Retail Segment

The Retail Segment, in management reporting, 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 to customers through traditional channels of distribution via the Bank's nationwide network of branches as well as KB24 website. 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 the 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 unit linked products in investment funds.

Treasury Segment

The Treasury Segment, in management reporting, 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

The Investment Segment, in management reporting, incorporates 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, and also on investments in the shares of companies with an expected high long-term rate of return. In addition, the segment focuses on custodian services.

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

Consolidated net profit in 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)	529 520	1 101 205	596 065	79 112	39 140	-59 602	2 285 440
2. Segment income (internal)	216 360	548 847	622 915	0	14	-1 388 136	0
3. Total segment income	745 880	1 650 052	1 218 980	79 112	39 154	-1 447 738	2 285 440
4. Segment expenses (external)	-181 070	-494 376	-315 209	-62 430	1 586	59 602	-991 897
4a. Allocated expenses	-110 059	-671 965	-9 197	-1 037	-30 910	0	-823 168
5. Segment expenses (internal)	-290 877	-316 514	-765 221	-4 741	-10 783	1 388 136	0
6. Total segment expenses	-582 006	-1 482 855	-1 089 627	-68 208	-40 107	1 447 738	-1 815 065
7. Segment result	163 874	167 197	129 353	10 904	-953	0	470 375
8. Net impairment losses on financial assets, other assets and provisions	64 443	-36 616	0	0	2 242	0	30 069
9. Segment share in profits of associates	0	0	0	1 513	0	0	1 513
10. Segment result	228 317	130 581	129 353	12 417	1 289	0	501 957
11. Income tax							-111 418
12. Net profit							390 539

Consolidated net profit in 2006 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)	435 532	899 859	497 469	79 152	155 554	-72 299	1 995 267
2. Segment income (internal)	165 408	456 433	431 574	0	11	-1 053 426	0
3. Total segment income	600 940	1 356 292	929 043	79 152	155 565	-1 125 725	1 995 267
4. Segment expenses (external)	-135 515	-401 857	-203 090	-47 006	-25 669	72 299	-740 838
4a. Allocated expenses	-105 011	-657 929	-9 720	-2 938	-39 044	0	-814 642
5. Segment expenses (internal)	-218 127	-207 141	-621 854	-6 304	0	1 053 426	0
6. Total segment expenses	-458 653	-1 266 927	-834 664	-56 248	-64 713	1 125 725	-1 555 480
7. Segment result	142 287	89 365	94 379	22 904	90 852	0	439 787
8. Net impairment losses on financial assets, other assets and provisions	115 200	-62 484	0	-4 978	-28 661	0	19 077
9. Segment share in profits of associates	0	0	0	1 731	0	0	1 731
10. Segment result	257 487	26 881	94 379	19 657	62 191	0	460 595
11. Income tax							7 495
12. Net profit							468 090

7.7. 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 are presented in section 7.8 "Retail Banking").

<i>in PLN '000'</i>	As at 31.12.2007	As at 30.09.2007	As at 30.06.2007	As at 31.03.2007	As at 31.12.2006
Corporate customers					
- overdraft facilities	1 602 633	1 527 492	1 316 648	1 173 445	1 072 321
- term loans*	5 433 141	5 212 200	4 883 930	4 652 829	4 544 514
- purchased debt	31 438	15 821	26 542	12 943	26 110
- realised guarantees	9 393	5 374	18 959	18 324	30 660
- other receivables, including leasing fees	345 330	329 063	287 932	235 128	192 416
Total	7 421 935	7 089 950	6 534 011	6 092 669	5 866 021
Budget					
- overdraft facilities	932	3 563	11 602	6 360	3 464
- term loans*	405 971	430 002	448 910	502 393	566 397
- purchased debt	10	17	17	17	19
Total	406 913	433 582	460 529	508 770	569 880

* mainly investment and working capital loans

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

<i>in PLN '000'</i>	As at 31.12.2007	As at 30.09.2007	As at 30.06.2007	As at 31.03.2007	As at 31.12.2006
Corporate customers					
- current accounts	2 483 669	2 364 537	2 258 108	2 050 810	2 030 289
- term deposits	2 240 212	1 965 605	2 850 344	2 104 985	1 932 326
- other	8 672	9 265	95 939	91 283	221 413
Total	4 732 553	4 339 407	5 204 391	4 247 078	4 184 028
Budget					
- current accounts	1 337 776	1 404 657	1 146 931	1 225 214	1 386 255
- term deposits	719 413	905 304	915 307	824 704	423 914
- other	0	0	0	0	74
Total	2 057 189	2 309 961	2 062 239	2 049 918	1 810 243

7.8. Retail banking

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

<i>in PLN '000'</i>	As at 31.12.2007	As at 30.09.2007	As at 30.06.2007	As at 31.03.2007	As at 31.12.2006
- overdraft facilities	594 784	613 780	569 433	542 189	523 371
- purchased debt	7 041	17 038	17 096	17 232	19 537
- term loans*	1 073 564	1 046 045	1 011 880	986 039	985 457
- instalment and cash loans	2 063 331	1 839 967	1 656 298	1 517 762	1 498 973
- mortgages	5 876 171	5 195 368	4 246 524	3 582 916	3 172 752
- realised guarantees	1 519	1 681	1 637	1 620	1 602
- other receivables	10 926	12 507	12 089	9 611	6 250
Total	9 627 336	8 726 386	7 514 957	6 657 369	6 207 942

* mainly investment and working capital loans for individual entrepreneurs, and other loans secured with mortgages

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

<i>in PLN '000'</i>	As at 31.12.2007	As at 30.09.2007	As at 30.06.2007	As at 31.03.2007	As at 31.12.2006
- current accounts	7 039 089	7 086 680	6 958 020	6 735 808	6 101 088
- term deposits	3 154 154	3 077 338	2 876 982	3 319 409	3 676 939
- other	105 653	150 276	46 278	46 016	34 965
Total	10 298 896	10 314 294	9 881 280	10 101 233	9 812 992

Instalment and cash loans

The sales of retail loans and advances through Żagiel's distribution network in the fourth quarter of 2007 amounted to PLN 738 million, i.e. increased by 32.4% as compared to the third quarter of 2007 and by 40.1% against the level in the fourth quarter of 2006. In comparison with the third quarter of 2007, the number of loans granted increased from 263 thousand to 301 thousand in the fourth quarter of 2007, whereas it went up by 11 thousand loans against figures recorded for the fourth quarter of 2006. The gross value of the portfolio increased by 12.1% as compared to the third quarter of 2007, and by 37.6% against the figures recorded in the fourth quarter of 2006.

<i>in PLN '000'</i>	4th quarter of 2007	3rd quarter of 2007	2nd quarter of 2007	1st quarter of 2007	4th quarter of 2006
Instalment and cash loans					
Gross value of the portfolio at the end of the quarter, including:	2 063 331	1 839 967	1 656 298	1 517 762	1 498 973
Loans granted via Żagiel					
Gross value of the portfolio at the end of the quarter	1 763 744	1 535 521	1 400 392	1 323 960	1 322 222
Number of loans granted in the quarter (in '000')	301	263	247	220	290
Value of loans granted in the quarter	737 748	557 257	480 733	402 980	526 670

Mortgages

In the fourth quarter of 2007, the Bank granted 7.1 thousand mortgages for the total amount of PLN 1,018 million. The gross value of the portfolio of mortgages as compared to the third quarter of 2007 increased by 13.1% and, as compared to the corresponding period in the previous year, by 85.2%.

<i>in PLN '000'</i>	4th quarter of 2007	3rd quarter of 2007	2nd quarter of 2007	1st quarter of 2007	4th quarter of 2006
Mortgages					
Gross value of the portfolio at the end of the quarter	5 876 171	5 195 368	4 246 524	3 582 916	3 172 752
Number of loans granted in the quarter (in '000')	7.1	6.9	7.5	3.9	5.0
Value of loans granted in the quarter	1 017 598	1 092 845	1 247 959	532 176	659 395

Current accounts for individual clients

<i>in PLN '000'</i>	As at 31.12.2007	As at 30.09.2007	As at 30.06.2007	As at 31.03.2007	As at 31.12.2006
Current accounts					
Carrying amount at quarter end	7 039 089	7 086 680	6 958 020	6 735 808	6 101 088
Including ROR accounts (*)					
Number (in '000')	561	564	558	551	552
Carrying amount	1 218 247	1 223 526	1 167 449	1 088 775	1 020 146
Including Savings Account (*)					
Number (in '000')	311	298	283	261	237
Carrying amount	4 385 666	4 516 583	4 482 363	4 370 142	3 864 597

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

As at 31.12.2007, the number of current-savings accounts (ROR) was lower by 0.5% as compared to figures at 30.09.2007 and higher by 1.6% as compared to figures at 31.12.2006. The carrying amount of ROR accounts for individual customers at the end of the fourth quarter of 2007 decreased as compared to the third quarter of 2007 by 0.4% and increased by 19.4% as compared to the fourth quarter of 2006.

The number of savings accounts, at the end of the fourth quarter of 2007, increased by 4.4% as compared to the third quarter of 2007, and by 31.2% as compared to the fourth quarter of 2006. At the end of the fourth quarter of 2007, the value of deposited cash was almost PLN 4.4 billion, i.e. decreased by 2.9% as compared to figures at the end of the third quarter of 2007, and increased by 13.5% as compared to the end of the fourth quarter of 2006.

Credit cards

At the end of the fourth quarter of 2007, as compared to the end of the third quarter of 2007, the number of credit cards increased by 21.7%, and by 73.2% as compared to the end of the fourth quarter of 2006.

<i>in '000'</i>	As at 31.12.2007	As at 30.09.2007	As at 30.06.2007	As at 31.03.2007	As at 31.12.2006
Credit cards (aggregate for KB and Żagiel S.A.)	213	175	158	140	123

Electronic distribution channels

The number of users of electronic distribution channels has been growing systematically. As of 31.12.2007 the number of KB24 users was equal to 278 thousand. As compared to figures at 30.09.2007, their number increased by 4.9%, and by 21.9% as compared to figures at 31.12.2006. As compared to the third quarter of 2007, the number of bank transfers made via KB24 increased by 11.6%, and by 27.8% as compared to the fourth quarter of 2006.

<i>in '000'</i>	As at 31.12.2007	As at 30.09.2007	As at 30.06.2007	As at 31.03.2007	As at 31.12.2006
Number of KB24 users	278	265	252	240	228
Number of transfers made via KB24 in the quarter	3 340	2 994	2 892	2 774	2 614

Number of Bank's outlets

In the fourth quarter of 2007, the Bank continued to develop the sale network by opening new outlets.

<i>in units</i>	As at 31.12.2007	As at 30.09.2007	As at 30.06.2007	As at 31.03.2007	As at 31.12.2006
Outlets	381	367	363	352	336

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

Total net assets of the funds (including non-registered funds) sold as at 31.12.2007 via the Bank's distribution network amounted to PLN 3,629,450 thousand. As compared to figures at 30.09.2007, they decreased by 2.0%, and increased by 18.5% as compared to figures at 31.12.2006.

<i>in PLN '000'</i>	As at 31.12.2007	As at 30.09.2007	As at 30.06.2007	As at 31.03.2007	As at 31.12.2006
Net assets of funds (including non-registered funds) sold via the Bank's distribution network	3 629 450	3 702 286	3 965 332	3 347 216	3 062 628
Net assets of funds (excluding non-registered funds) sold via the Bank's distribution network	3 572 284	3 695 336	3 248 864	3 214 130	3 007 849

At the end of the fourth quarter of 2007, KBC TFI managed total assets amounting to PLN 8.1 billion.

The value of assets in investment funds managed by KBC TFI amounted to PLN 4.7 billion, which, as at the end of 2007, accounted for the Society's market share of 3.49%. The Society was ranked ninth among all investment funds societies in Poland.

The fourth quarter of 2007 was yet another period for KBC TFI of thorough works on the development of its product offer. At the end of the fourth quarter of 2007, KBC TFI S.A. managed the total of 30 investment funds.

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

In the fourth quarter of 2007, the Bank did not issue, redeem or repay any equity securities.

8. Information on dividend

On 05.06.2007, the Annual General Meeting of Shareholders of Kredyt Bank S.A. adopted a resolution on the distribution of profit for 2006. The net profit for 2006 amounting to PLN 437,442,933.29 was allocated to:

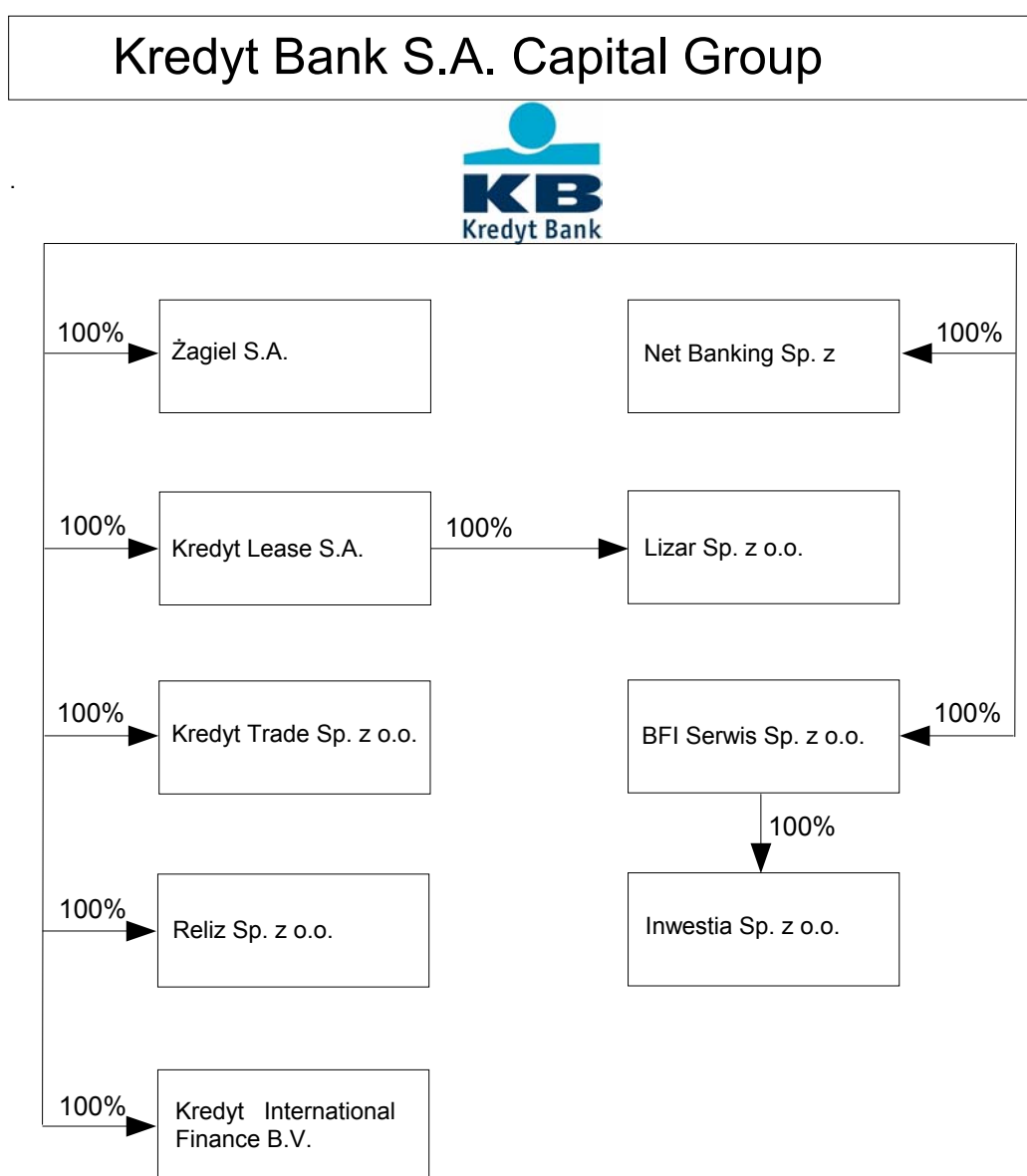
- reserves - PLN 60,000,000.00;
- dividend payment - PLN 100,513,785.60;
- Bank's share premium - PLN 276,929,147.69.

The payment of dividend was effected on 18.07.2007.

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, the joint product offer, controlling functions performed by the Bank over the companies' operating and financial policies as well as the transfer of management staff and know-how.

Below, we present the composition and ownership structure of the Group as of 31.12.2007.



As of 31.12.2007 the following companies were fully consolidated: Kredyt Lease S.A., Kredyt International Finance B.V, 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., Net Banking Sp. z o.o., BFI Serwis Sp. z o.o. and Inwestia Sp. z o.o.

10. Description of significant accounting principles and accounting estimates, and comparable data

In the fourth quarter of 2007, the Group did not introduce any material changes in the accounting policies and methods of accounting estimates as compared to the principles and methods described in the Group's published consolidated financial statements as of 31.12.2006.

The preparation of financial statements in line with 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 current accounting estimates as at the balance sheet date. Therefore, accounting estimates are verified on a regular basis. Changes in estimates are recognised in the financial statement 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 this financial statement 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;
- deferred tax asset;
- 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 portfolios of the financial assets and liabilities portfolios managed jointly in order to generate profits in a short time horizon. This category also includes 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 in active markets, including prices of the latest transactions and generally adopted measurement models based on variables that can be observed in the market environment.

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

Outflows from assets disposal are calculated with the FIFO method.

Financial derivatives are recognised at fair value, without deductions of transaction expenses that can be incurred at the disposal. The transaction price is the best indicator of fair value at the initial recognition of a derivative.

Derivatives with positive valuation are recognised in the balance sheet as assets, and derivatives with negative valuation– as liabilities.

Held-to-maturity investments

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

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

Loans and receivables

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

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

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

Available-for-sale financial assets

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

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

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

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

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 related to securities sold under repurchase agreements and subordinated liabilities, following the deduction of transaction expenses.

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

Hedge accounting

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

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

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

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

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

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

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

Effective interest rate method

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 financial assets and liabilities measured in accordance with the provisions included in IAS 39.

The Group measures the following financial assets and liabilities at amortized cost taking into account the effective interest rate method:

- credits and loans 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 can not be determined reliably.

The effective interest rate is the rate that discounts a future, expected cash flow to a present net carrying amount during a period until maturity or by the time of the next market repricing of a particular financial asset and liability, whereas its determination involves any due or cashier fees 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 method rate or straight-line method) depends on the nature of a given instrument. In the case of financial instruments with fixed cash flows schedules, the method of the effective interest rate is applied. In the case of instruments with undefined cash flows schedules, it is impossible to calculate the effective interest rate and commissions/fees are settled on the straight-line basis over time.

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

Commissions/fees settled over time include, among others, 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 constitute an integral part of the return generated by a specific financial instrument. This category also includes fees and costs of changes of contractual terms, which modify the value of initial effective interest rate. Any significant amendment to the conditions of a given financial instrument in economic terms is connected with the expiry of the financial instrument of the previous type and establishment of a new instrument with different characteristics. The fees that are collected in this category include, among others, fees for preparing an annex changing a future cash flows schedule, fees for restructuring loan agreements, fees for postponement of payment dates, etc. The above-mentioned types of fees are deferred and amortised over time in the income statement by applying the effective interest rate method or on a straight-line basis, depending on a type of a product.

Interest income and expense are recognised in the income statement at amortized cost, using the effective interest rate.

In the case of assets for which evidence 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.

10.2. Impairment of assets measured at amortised cost and historical cost

At each balance sheet date (at least once per quarter), the Group analyses whether there is an indication that a financial asset 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 initial recognition of the asset and that loss event or events has an impact on the estimated future cash flows generated by the financial asset or the group of financial assets. Expected future losses are not taken into account in estimates of impairment.

If the Group identifies an evidence of impairment, the 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 recognised in the income statement in correspondence with provision account which adjusts assets' value.

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

Evidence of impairment

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

The list of objective evidence includes:

- a) material financial problems of an issuer or a debtor;
- b) failure to satisfy the terms and conditions of an agreement, 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 other financial reorganisation.

If there is no evidence that the impairment occurred, the previously recognised impairment losses are reversed through the 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 collateral on the basis of historical data collected by the Bank concerning the time of the debt collection process, recovered amounts from collateral 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 process.

Measurement of portfolio impairment

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 portfolio analysis of the impairment is conducted.

Homogenous loans portfolios are created basing upon similar characteristics of credit risks that are specific for the defined groups of customers and products.

The portfolio 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 phenomena, apart from corrected historical trends, have a material impact upon the level of the portfolio 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 and its direct impact on the material ratios applied in the banking sector;
- the Group's credit policy for selected sectors of economy as well as receivables portfolios compared to the models adopted by other banks.

10.3. Deferred tax asset

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 concept.

The Bank's subsidiaries recognise 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 subsidiaries.

10.4. Investment properties

In 2007, as the sale of certain assets classified 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 Bank's main shareholder, the Group values investment properties using the cost model.

10.5. Goodwill

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

10.6. Comparable data

The comparable data for the previous periods presented in these financial statements include the presentation changes introduced as at 31.12.2007.

	Published data	Changes	Comparable data	Explanations
	31.12.2006		31.12.2006	
ASSETS				
Gross loans and advances to banks	2 183 505	22 898	2 206 403	a)
Gross loans and advances to customers	12 637 506	6 337	12 643 843	a)
Investment securities:	5 902 723	3 957	5 906 680	b)
- available-for-sale	3 453 950	3 957	3 457 907	b)
Investments in subsidiaries and jointly controlled entities	3 957	-3 957	0	b)
Other assets	145 574	-29 235	116 339	a)
TOTAL ASSETS	22 232 028	0	22 232 028	

	Published data	Changes	Comparable data	Explanations
	31.12.2006		31.12.2006	
LIABILITIES				
Amounts due to banks	2 160 538	4 288	2 164 826	a)
Amounts due to customers	15 550 811	256 452	15 807 263	a)
Other liabilities	503 080	-260 740	242 340	a)
Total liabilities	20 139 770	0	20 139 770	
TOTAL EQUITY AND LIABILITIES	22 232 028	0	22 232 028	

Clarification of major reclassifications:

- a) reclassification of receivables and liabilities on clearing accounts;
- b) changes in the presentation of equity investments classified as available-for-sale.

11. Post-balance sheet events

The Management Board of Kredyt Bank S.A. hereby informs that, on 07.02.2008, Kredyt Bank S.A. executed, with Kredietbank S.A. Luxembourgise, a multicurrency loan agreement up to the amount equivalent to EUR 200 million (i.e. PLN 719,580,000 at the average exchange rate of the NBP of 7 February 2008). The agreement was concluded on market terms with the repayment date of 2 years and one day.

The loan can be drawn in CHF or PLN. The interest rate is based on LIBOR/WIBOR rates + margin. The amount of cash received under the above-mentioned 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.

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

In comparison with the information presented as of 30.09.2007 in the interim consolidated financial statements of the Group, the Bank's share capital has not changed, but the shareholding structure is different.

On 18 December 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 December 2007, PPIM 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 SA and PPIM.

PPIM notified, on behalf of the funds it managed, of the increase in the interest of the said funds to 5.001% of total votes at the General Meeting of Shareholders of Kredyt Bank S.A. (The said investment funds are shareholders who jointly hold the above-mentioned number of votes at the General Meeting of Shareholders. Portfolios of investment funds are a sub-group of all portfolios of PPIM's Customers.)

Total interest of PPIM amounts to 13,674,064 shares of Kredyt Bank S.A. which account for 5.03% of total votes and share capital of Kredyt Bank S.A. (All Customers of Pioneer Pekao Investment Management S.A., related to portfolios managed by PPIM, are shareholders who jointly hold the above-mentioned number of votes at the General Meeting of Shareholders).

A list of Shareholders of Kredyt Bank S.A. having more than 5% of the total number of votes at the General Meeting of Shareholders of Kredyt Bank S.A. as at 31.12.2007 and as at the publication date of this financial statements is presented in the table below.

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
Sofina S.A.	Investment company	15 014 772	5.53

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

As of the date of publication of this report, i.e. 14.02.2008, in comparison with the information as of the date of the publication of the annual consolidated financial statements for the third quarter of 2007, no changes occurred in the ownership of the Bank's shares as well as shares in the Group's subsidiaries held by members of the Bank's Management Board and the members of the Bank's Supervisory Board.

	Shares of Kredyt Bank S.A.		Shares of subsidiaries and associates	
	Number of shares	Nominal value (PLN '000')	Number of shares	Nominal value (PLN '000')
Management Board Members				
Ronald Richardson	5 000	25	0	0
Supervisory Board Members				
Marek Michałowski	1 000	5	0	0

14. Information on proceedings before courts or public administration authority

In the fourth quarter of 2007, both the Bank and its subsidiaries were not parties to any proceedings before court or public administration authority, where the amount claimed would be equal to at least 10% of the Bank's (Issuer's) equity.

Below are presented those proceedings, in which the amounts claimed are the highest.

14.1. The cases in which the Bank is the plaintiff

With reference to the Bank's failure in the litigation against Inspektoria Towarzystwa Salezjańskiego (Salesian Society Inspectorate) in Wrocław, the guarantor of loans granted by the Bank from February to August 2001 to four entities: St. Jan Bosko's Roman-Catholic Parish, St. Jack's Roman-Catholic Parish and two monastic houses of the Salesian Society in Lublin, the Bank is now pursuing claims by the reason of groundless enrichment against church institutions for the total amount of PLN 14,567.2 thousand with possible extension of the suit. The defendants replied to lawsuits and applied for the dismissal of all claims. Upon the Bank's request, accounting experts prepared reports to determine whether the resources obtained from lombard loans had been transferred to the accounts of the parish and monastic houses and determine the way of disposing the resources from these accounts. In two cases the court dismissed the suits; in both cases the Bank appealed against the court decision.

14.2. 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 proceedings related to the Bank's exercise of the collateral under the loan agreement were unsuccessful; as a result, on 28.03.2003, the Bank, on behalf of syndicate members, called the Minister of Finance representing the State Treasury to pay USD 12.7 million, i.e. 60% of the drawn loan amount and USD 1.6 million of interest. The Finance Minister refused to exercise the surety. On the basis of the executory title obtained by the Bank, the court debt collector enforced the whole claim for the Bank, i.e. PLN 8,120.1 thousand on account of the repayment of loan principle and interest, and PLN 30.0 thousand on account of expenses.
- 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 8,207.4 thousand including interest. Upon the request of the State Treasury, the court called upon the trustee in bankruptcy of LFO to participate in the case. In the meantime, the parties submitted pleadings.

- Claims of LFO for damages due to the termination of the loan agreement amounting to PLN 119,477 thousand. The lawsuit was submitted on 18.06.2003. The Bank is of the opinion that LFO claims are not based on any actual and legal grounds. On 16.03.2005, the court rejected the suit by LFO. 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. The proceedings are still suspended.
- 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 amounts to PLN 20,665.6 thousand. On 20.03.2007, the court announced its decision and claimed the whole disputed amount with interest from the Bank. The Bank requested the court to justify the verdict. Following the receipt of the justification, the Bank appealed against the court's decision. After lodging the appeal, the Bank requested to summon the member of the company's management board who had forged signatures. Furthermore, the Bank lodged a motion claiming that the proceedings in the first instance had been invalid (the motion regards the composition of the panel of judges). The trustee in bankruptcy lodged another pleading in this case. On 14.11.2007, the Supreme Court expressed its opinion on the composition of the panel of judges stating that had been correct.
- 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. The Court set a new date to 29.02.2008.
- The court proceedings concerning a loan totalling PLN 2,900.0 thousand extended by the Bank to its client in September 1999 to purchase securities. The Client claims damages for the loss of profit due to the decline in the value of assets on the account in the period of its freeze and failure to generate profit that he might have generated if he had had free access to the account, e.g. loss of profit related to unexercised pre-emptive right offered to him and the failure to take up new shares. The plaintiff also demands amounts collected by the Bank after the termination of the agreement. The total value of the object of the dispute amounted to PLN 10,048.6 thousand. On 12.09.2007, the parties agreed to a private arrangement; the Bank paid PLN 2.9 million to the customer. On 17.09.2007, the Court, upon the plaintiff's request, discontinued the proceedings and the case was closed.
- 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 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 interchange fee rate. On 17.01.2006 and 19.01.2007, appeals against Decision No. DAR 15/2006 of the President of the Office for Competition and Customer Protection were made on behalf of HSBC Bank Polska and Kredyt Bank. In this decision, the President of the Office for Competition and Customer Protection resolved that joint determination by the Banks, Visa and MasterCard of the interchange fee restricted competition. On 18.01.2007, the President of the Office for Competition and Customer Protection issued a decision in which they obliged the banks to jointly and severally pay PLN 157.6 thousand to the Polish Organization of Commerce and Distribution (POHiD) as reimbursement of the proceedings costs. Kredyt Bank S.A. complained against this decision on 31.01.2007 and deemed it unjustified. The case was referred to the Economic Court in Warsaw which split the case into separate proceedings against each of the bank involved in the case. The hearing date has not been set yet. The parties are now exchanging multiple pleadings.

- In relation to a loan transaction to finance the construction of Altus building in Katowice, the Bank and Reliz Sp. z o.o. are involved in certain disputes of legal nature. The said disputes are related to claims of the guarantor of the loan to finance the building, i.e. Mostostal Zabrze Holding S.A. ('MZH'), against the Bank and the building owner. The court requested the parties to settle the case amicably. Negotiations between the parties are underway.

Another suit was lodged by MZH against Reliz – *actio pauliana*. MZH demands to recognize the sale of the real estate 'Altus' to Reliz (the Bank holds 100% of shares in Reliz) as ineffective towards them. At the hearing on 21.01.2008, the Court requested the plaintiff to submit the bankruptcy documentation of BC 2000 in 7 days under the pain of exclusion. The court decided to adjourn the hearing to 25.02.2008.

- 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 of 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. Seven proceedings are pending in these cases, including two proceedings that were suspended by the end of the criminal proceedings. Four proceedings were combined and will be heard jointly: at the hearing of 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. In the seventh case, the hearing date was adjourned to 28.03.2008.
- The trustee in bankruptcy for a company from the media industry claims damages of PLN 4,350.0 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. On 27.04.2007, the Bank responded to the suit. 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.

The 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 Group.

15. Related party transactions

In the fourth quarter of 2007, no significant 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.

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

As at 31.12.2007, 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 278,228 thousand.

As at 31.12.2006, 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 216,261 thousand.

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

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

There is no additional information which, in the Issuer's opinion, is material to assess its staff or financial situation, its assets, financial results and their changes, and information that is material to assess the potential satisfaction of the Issuer's commitments.

18. 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.

19. Factors which will affect the result in the next quarter

In the opinion of the Bank's Management Board, no events other than events resulting from the current operation of the Bank and its subsidiaries will affect the results in 2008.

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

20.1. Income Statement

<i>in PLN '000'</i>	4th quarter of 2007 01.10.2007 - 31.12.2007	Four quarters of 2007 01.01.2007 - 31.12.2007	4th quarter of 2006 01.10.2006 - 31.12.2006	Four quarters of 2006 01.01.2006 - 31.12.2006
Interest income	418 310	1 491 448	319 373	1 235 154
Interest expense	-215 304	-729 158	-146 778	-564 047
Net interest income	203 006	762 290	172 595	671 107
Fee and commission income	94 800	366 150	86 690	299 994
Fee and commission expense	-6 470	-58 135	-7 684	-31 872
Net fee and commission income	88 330	308 015	79 006	268 122
Dividend income	0	7 977	0	1 027
Net trading income	64 041	178 979	38 822	134 536
Net result on derivatives used as hedging instruments and hedged items	-1 870	-3 619	663	-52
Net gains from investment activity	1 044	4 533	7 928	11 768
Net income from sale of receivables	31 420	52 506	1 720	123 026
Other operating income	17 376	43 343	12 738	43 291
Total operating income	403 347	1 354 024	313 472	1 252 825
General and administrative expenses	-226 344	-823 168	-228 899	-814 643
Net impairment losses on financial assets, other assets and provisions	-23 188	17 789	-1 520	32 181
Other operating expenses	-13 300	-36 443	-14 990	-43 482
Total operating expenses	-262 832	-841 822	-245 409	-825 944
Net operating income	140 515	512 202	68 063	426 881
Profit before tax	140 515	512 202	68 063	426 881
Income tax expense	-31 493	-111 683	10 702	10 562
Net profit from business activities	109 022	400 519	78 765	437 443
Net profit	109 022	400 519	78 765	437 443
Including:				
attributable to the Shareholders of the Bank	109 022	400 519	78 765	437 443
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	1.47	0.29	1.61

20.2. Balance Sheet

<i>in PLN '000'</i>	31.12.2007	30.09.2007	31.12.2006	30.09.2006
Assets				
Cash and balances with Central Bank	611 672	973 576	640 722	417 848
Gross loans and advances to banks	2 456 349	4 323 821	2 205 291	2 753 542
Impairment losses on loans and advances to banks	-2 260	-2 260	-2 753	-2 894
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	448 499	233 493	612 912	245 548
Derivatives, including:	495 095	308 779	297 427	231 534
- derivatives used as hedging instruments	34 025	24 080	3 403	1 032
Gross loans and advances to customers	17 738 052	16 495 935	12 914 172	12 900 526
Impairment losses on loans and advances to customers	-839 724	-948 748	-1 100 617	-1 687 686
Investment securities:	5 478 269	5 482 025	5 902 663	6 957 079
- available-for-sale	3 433 103	3 420 369	3 453 890	4 291 764
- held-to-maturity	2 045 166	2 061 656	2 448 773	2 665 315
Investments in subsidiaries, associates and jointly controlled entities	73 876	73 835	73 831	73 829
Property, plant and equipment	343 438	323 239	325 050	298 458
Intangible assets	65 425	63 780	84 394	86 391
Deferred tax asset	124 062	119 238	137 123	113 772
Current tax receivable	0	0	15 393	5 858
Non-current assets classified as held for sale	767	1 270	10 571	10 571
Other assets	74 984	87 291	87 616	87 554
Total assets	27 068 504	27 535 274	22 203 795	22 491 930

in PLN '000'	31.12.2007	30.09.2007	31.12.2006	30.09.2006
Liabilities				
Amounts due to Central Bank	1 101 661	2 078	1 990	2 365
Amounts due to banks	5 271 449	6 833 515	2 164 826	2 650 463
Derivatives, including:	474 370	268 994	296 474	224 955
- derivatives used as hedging instruments	44 178	18 775	554	0
Amounts due to customers	17 180 731	17 010 007	15 875 333	15 703 022
Liabilities arising from repurchase transactions	50 126	500 151	1 053 928	1 301 268
Current tax liability	7 136	1 317	0	0
Provisions	105 724	102 692	98 775	45 211
Other liabilities	249 217	222 436	251 107	184 445
Subordinated liabilities	394 235	415 676	421 619	438 304
Total liabilities	24 834 649	25 356 866	20 164 052	20 550 033
Equity				
Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Share premium	381 718	381 718	104 789	104 789
Revaluation reserve	-87 618	-34 043	18 275	-806
Reserves	180 942	180 942	120 942	120 942
Retained earnings/loss	0	0	0	0
Current net profit attributable to the Shareholders of the Bank	400 519	291 497	437 443	358 678
Total equity	2 233 855	2 178 408	2 039 743	1 941 897
Total equity and liabilities	27 068 504	27 535 274	22 203 795	22 491 930
Capital adequacy ratio (%)				
Capital adequacy ratio (%)	9,63	10,55	13,45	13,78
Number of shares				
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)				
Book value per share (in PLN)	8.22	8.02	7.51	7.15

20.3. Off-balance Sheet Items

<i>in PLN '000'</i>	31.12.2007	30.09.2007	31.12.2006	30.09.2006
Contingent liabilities, granted and received	8 254 147	7 090 323	5 207 977	5 423 748
Liabilities granted, including:	6 030 093	5 851 229	4 706 170	5 027 467
- financial	4 410 804	4 244 718	3 497 903	3 614 372
- guarantees	1 619 289	1 606 511	1 208 267	1 413 095
Liabilities received, including:	2 224 054	1 239 094	501 807	396 281
- financial	902 441	670 002	205 139	70 867
- guarantees	1 321 613	569 092	296 668	325 414
Liabilities related to sale/purchase transactions	218 165 219	170 301 827	138 370 817	116 462 237
Other	3 300 837	3 181 172	3 153 678	3 052 825
- collaterals received	3 300 837	3 181 172	3 153 178	3 052 825
- other	0	0	500	0

20.4. Statement of Changes in Equity

Changes in the period from 01.01.2007 to 31.12.2007

<i>in PLN '000'</i>	Share capital	Share premium	Revaluation reserve	Reserves	Retained earnings (loss)	Net profit 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			-89 091				-89 091
Effects of valuation of derivatives designated for cash flow hedge			-41 641				-41 641
Deferred tax on items recognised in equity			24 839				24 839
Net profit recognized directly in equity			-105 893				-105 893
Net profit for the period			0			400 519	400 519
Total of recognised income and expenses			-105 893			400 519	294 626
Profit's distribution		276 929		60 000	-336 929		0
Dividends paid					-100 514		-100 514
Equity at end of period – as of 31.12.2007	1 358 294	381 718	-87 618	180 942	0	400 519	2 233 855

Changes in the period from 01.01.2006 to 31.12.2006

<i>in PLN '000'</i>	Share capital	Share premium	Revaluation reserve	Reserves	Retained earnings (loss)	Net profit for the period	Total equity
Equity at opening balance - as at 01.01.2006	1 358 294	0	15 928	120 942	164 554	0	1 659 718
Valuation of financial assets available-for-sale			1 972				1 972
Effects of valuation of derivatives designated for cash flow hedge			1 195				1 195
Deferred tax on items recognised in equity			-820				-820
Net profit recognized directly in equity			2 347				2 347
Net profit for the period			0			437 443	437 443
Total of recognised income and expenses			2 347			437 443	439 790
Profit's distribution		104 789			-104 789		0
Dividends paid					-59 765		-59 765
Equity at end of period – as of 31.12.2006	1 358 294	104 789	18 275	120 942	0	437 443	2 039 743

20.5. Cash Flow Statement

in PLN '000'

	4th quarter of 2007	Four quarters of 2007	4th quarter of 2006	Four quarters of 2006
	01.10.2007 - 31.12.2007	01.01.2007 - 31.12.2007	01.10.2006 - 31.12.2006	01.01.2006 - 31.12.2006
Net cash flow from operating activities				
Net profit	109 022	400 519	78 765	437 443
Adjustments to net profit and net cash from operating activities	-2 798 389	-2 039 274	-1 334 343	-666 310
Current and deferred tax income (expense) recognised in financial result	31 493	111 683	-10 702	-10 562
Non-realised profit (loss) from currency translation differences	-65 032	-83 803	-36 948	-8 995
Investing and financing activities	-104 905	-304 421	-560 179	-1 338 875
Depreciation	22 659	91 270	22 387	99 515
Net increase/decrease in impairment	-105 158	-253 725	-565 028	-1 192 959
Dividends	0	-7 977	0	-1 027
Interest	-19 969	-136 196	-72 121	-265 643
Net increase/decrease in provisions	3 032	6 949	53 564	21 703
Profit (loss) on investments	-5 469	-4 742	1 019	-464
Net increase/decrease in operating assets (excluding cash)	-1 309 637	-4 704 766	-284 553	-843 021
Net increase/decrease in gross loans and advances to banks	342 839	199 148	164 564	19 703
Net increase/decrease in financial assets at fair value through profit or loss, including: financial assets held for trading and derivatives	-381 630	-14 517	-432 611	-206 134
Net increase/decrease in gross loans and advances to customers	-1 242 117	-4 823 880	-13 646	-711 898
Paid/received income tax	-18 853	-50 657	23 628	25 276
Net increase/decrease in other assets	-9 876	-14 860	-26 488	30 032
Net increase/decrease in operating liabilities	-1 350 308	2 942 033	-441 961	1 535 143
Net increase/decrease in amounts due to Central Bank	1 099 583	1 099 671	-375	1 990
Net increase/decrease in amounts due to banks	-2 409 268	1 339 042	-444 298	-387 678
Net increase/decrease in derivatives	205 376	177 896	71 519	76 319
Net increase/decrease in amounts due to customers	170 724	1 305 398	172 311	1 206 373
Net increase/decrease in liabilities arising from repurchase transactions	-450 025	-1 003 802	-247 340	685 227
Net increase/decrease in other liabilities	33 302	23 828	6 222	-47 088
Net cash flow from operating activities	-2 689 367	-1 638 755	-1 255 578	-228 867

	4th quarter of 2007 01.10.2007 - 31.12.2007	Four quarters of 2007 01.01.2007 - 31.12.2007	4th quarter of 2006 01.10.2006 - 31.12.2006	Four quarters of 2006 01.01.2006 - 31.12.2006
<i>in PLN '000'</i>				
Net cash flow from investing activities				
Inflows	81 056	2 737 350	6 713 970	42 816 200
Disposal of property, plant and equipment and intangible assets	3 239	3 551	73	323
Disposal of shares classified as available for sale	0	0	0	17 012
Disposal of investment securities	6 433	2 503 086	6 625 052	42 556 989
Dividends	0	7 977	0	1 027
Interest received	71 384	222 736	88 845	240 849
Outflows	-152 064	-2 331 897	-5 602 414	-41 764 084
Acquisition of property, plant and equipment and intangible assets	-49 094	-101 659	-30 967	-86 432
Acquisition of shares in equity investments classified as available for sale	-45	-50	-25	-50
Acquisition of investment securities	-102 925	-2 230 188	-5 571 422	-41 677 602
Net cash flows from investing activities	-71 008	405 453	1 111 556	1 052 116
Cash flow from financing activities				
Inflows	904 442	1 846 441	0	0
Proceeds from loans and advances	904 442	1 846 441	0	0
Outflows	-30 604	-191 983	-16 791	-803 313
Repayment of subordinated liabilities	0	0	0	-157 605
Dividends paid	0	-100 514	0	-59 765
Repayment of loans and advances	0	0	0	-95 454
Redemption of own issue bonds	0	0	0	-400 000
Other financial outflows	-30 604	-91 469	-16 791	-90 489
Net cash flow from financing activities	873 838	1 654 458	-16 791	-803 313
Net increase/decrease in cash, including:	-1 886 537	421 156	-160 813	19 936
Cash at the beginning of the period	4 576 430	2 268 737	2 541 372	2 248 801
Cash at the end of the period, including:	2 689 893	2 689 893	2 380 559	2 268 737
restricted cash	635 061	635 061	537 194	537 194

Signatures of all Management Board Members

date	14.02.2008	Ronald Richardson	President of the Management Board
date	14.02.2008	Umberto Arts	Vice-President of the Management Board
date	14.02.2008	Krzysztof Kokot	Vice-President of the Management Board
date	14.02.2008	Michał Oziębło	Vice-President of the Management Board

Signature of a person responsible for keeping the account books

date	14.02.2008	Maria Beata Kucińska	Chief Accountant
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