

THE SECURITIES AND EXCHANGE COMMISSION

Consolidated quarterly report QSr 3/2006

(In accordance with & 86, item 2 and & 87, item 1 of the Regulation of the Finance Minister of October 19, 2005 – Journal of Laws No. 209, item 1744)

(for banks)

For the third quarter of financial year 2006 comprising the period from 2006-01-01 to 2006-09-30 containing the abbreviated consolidated financial statement prepared in accordance with the International Accounting Standards and International Standards of Financial Reporting
currency: PLN

as well as the abbreviated financial statement prepared in accordance with the International Accounting Standards and International Standards of Financial Reporting
currency: PLN

date of submission: 2006-10-26

KREDYT BANK S.A.

(issuer's full name)

KREDYTB

(issuer's abbreviated name)

Banks (banking)

(sector according to the classification of the Warsaw Stock Exchange)

01-211

(postal code)

Warszawa

(city)

Kasprzaka 2/8

(street)

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(Tax Identification Number)

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(Statistical Number REGON)

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SELECTED FINANCIAL DATA	In PLN thousand		In EURO thousand	
	3 quarters increasingly/ 2006 a period from 2006-01-01 to 2006-09-30	3 quarters increasingly/ 2005 a period from 2005-01-01 to 2005-09-30	3 quarters increasingly/ 2006 a period from 2006-01-01 to 2006-09-30	3 quarters increasingly/ 2005 a period from 2005-01-01 to 2005-09-30
Data from the abbreviated, consolidated financial statement				
I. Net interest	580 178	539 567	148 114	132 954
II. Net commissions and fees	190 796	226 632	48 708	55 844
III. Result on operating activity	390 077	250 617	99 583	61 754
IV. Gross profit (loss)	391 628	251 896	99 979	62 069
V. Net profit for the Bank's shareholders	386 739	325 214	98 731	80 136
VI. Minority shares in net profit	0	0	0	0
VII. Total net cash flows	181 548	-1 344 379	46 348	-331 267
VIII. Total assets	22 458 549	20 630 865	5 637 894	5 267 545
IX. Liabilities due to banks	2 644 691	2 632 737	663 911	672 200
X. Liabilities due to customers	15 492 817	14 610 878	3 889 247	3 730 500
XI. Equity	1 991 895	1 602 838	500 036	409 242
XII. Share capital	1 358 294	1 358 294	340 980	346 804
XIII. Number of shares	271 658 880	271 658 880		
XIV. Book value per 1 share (in PLN / EURO)	7.33	5.90	1.84	1.51
XV. Capital adequacy ratio	14.03	16.38		
XVI. Profit (loss) per 1 ordinary share (in PLN / EURO)	1.42	1.20	0.36	0.29

Data from abbreviated financial statement

XVII. Net interest	497 851	491 168	127 097	121 028
XVIII. Net commissions and fees	189 116	171 650	48 280	42 296
XIX. Result on operating activity	358 818	237 448	91 603	58 509
XX. Gross profit (loss)	358 818	237 448	91 603	58 509
XXI. Net profit for the Bank's shareholders	358 678	319 394	91 567	78 701
XXII. Minority shares in net profit	0	0	0	0
XXIII. Total net cash flows	180 749	-1 344 441	46 144	-331 282
XXIV. Total assets	22 491 930	20 714 279	5 646 273	5 288 842
XXV. Liabilities due to banks	2 644 691	2 632 737	663 911	672 200
XXVI. Liabilities due to customers	15 590 552	14 667 183	3 913 782	3 744 876
XXVII. Equity	1 941 897	1 580 320	487 485	403 493
XXVIII. Share capital	1 358 294	1 358 294	340 980	346 804
XXIX. Number of shares	271 658 880	271 658 880		
XXX. Book value per 1 share (in PLN / EURO)	7.15	5.82	1.79	1.49
XXXI. Capital adequacy ratio	13.78	14.43		
XXXII. Profit (loss) per 1 ordinary share (in PLN/EURO)	1.32	1.18	0.34	0.29

CONSOLIDATED FINANCIAL STATEMENTS OF KREDYT BANK CAPITAL GROUP

1. Consolidated Income Statement

	3rd quarter of 2006	Three quarters of 2006	3rd quarter of 2005	Three quarters of 2005
<i>in PLN '000'</i>	01.07.2006 - 30.09.2006	01.01.2006 - 30.09.2006	01.07.2005 - 30.09.2005	01.01.2005 - 30.09.2005
Interest income	328 637	982 989	327 366	1 055 649
Interest expense	-141 714	-402 811	-152 262	-516 082
Net interest income	186 923	580 178	175 104	539 567
Fee and commission income	78 483	213 647	86 326	239 486
Fee and commission expense	-9 095	-22 851	-3 866	-12 854
Net fee and commission income	69 388	190 796	82 460	226 632
Dividend income	277	1 027	30	780
Net trading income	34 570	97 965	39 613	113 241
Profit (loss) from investment activities	1 947	3 840	916	-4 171
Income from sale of receivables portfolio	0	145 388	0	0
Other operating income	4 785	36 677	19 266	47 387
Total operating income	297 890	1 055 871	317 389	923 436
General and administrative expenses	-222 323	-660 055	-219 510	-656 606
Net impairment charges for financial assets, other assets and provisions	35 115	26 258	-16 308	32 433
Other operating expenses	-8 918	-31 997	-27 526	-48 646
Total operating expense	-196 126	-665 794	-263 344	-672 819
Net operating income	101 764	390 077	54 045	250 617
Share of profit of associates	745	1 551	878	1 279
Profit before tax	102 509	391 628	54 923	251 896
Income tax expense	-12 173	-4 889	37 130	72 344
Net profit from business activities	90 336	386 739	92 053	324 240
Net profit from discontinued operations	0	0	0	974
Net profit	90 336	386 739	92 053	325 214
Including:				
Per the Bank's Shareholders	90 336	386 739	92 053	325 214
Weighted average number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Earnings per share (in PLN)	0,33	1,42	0,34	1,20

2. Consolidated Balance Sheet

<i>in PLN '000'</i>	30.09.2006 end of 3rd quarter of 2006	30.06.2006 end of 2nd quarter of 2006	31.12.2005 end of 2005	30.09.2005 end of 3rd quarter of 2005
Assets				
Cash and balances with Central Bank	417 868	1 370 052	607 090	684 807
Gross due from banks	2 746 110	1 979 530	2 229 615	2 777 393
Allowances for impairment losses of dues from banks	-2 894	-2 894	-2 894	-2 894
Financial assets at fair value through the profit and loss account, including assets held for trading	477 082	564 659	703 888	649 616
Gross loans and advances to customers	12 593 659	12 197 580	12 306 286	12 708 713
Allowances for impairment losses of loans and advances to customers	-1 601 945	-1 774 758	-2 604 206	-2 808 913
Investments in securities:	6 957 139	6 116 712	6 709 711	5 748 622
- available for sale	4 291 824	3 553 090	4 417 879	3 503 025
- held to maturity	2 665 315	2 563 622	2 291 832	2 245 597
Equity investments classified as available for sale	18 968	18 968	35 690	35 689
Investments in associates measured with the equity method	10 481	9 736	8 929	8 961
Property, plant and equipment	431 025	361 209	416 400	396 229
Intangible assets	87 643	95 110	111 475	115 934
Goodwill	36 052	36 052	36 052	36 052
Deferred tax assets	126 726	143 938	112 968	87 404
Current tax receivable	5 858	0	13 412	0
Other assets	154 777	147 629	156 928	193 252
Total assets	22 458 549	21 263 523	20 841 344	20 630 865

<i>in PLN '000'</i>	30.09.2006 end of 3rd quarter of 2006	30.06.2006 end of 2nd quarter of 2006	31.12.2005 end of 2005	30.09.2005 end of 3rd quarter of 2005
Liabilities				
Amounts due to Central Bank	2 365	2 342	0	0
Amounts due to banks	2 644 691	2 830 304	2 562 167	2 632 737
Financial liabilities held for trading	224 955	247 669	220 155	242 664
Amounts due to customers	15 492 817	14 571 037	14 533 624	14 610 878
Debt securities issued	0	402 223	402 435	407 726
Securities sold under repurchase agreements	1 299 267	401 746	368 701	165 487
Income tax liabilities	1 712	11 845	4	1 625
Provisions	74 949	106 648	77 847	67 596
Deferred tax liabilities	164	354	864	881
Other liabilities	287 430	352 496	404 371	303 043
Subordinated liabilities	438 304	444 853	589 581	595 390
Total liabilities	20 466 654	19 371 517	19 159 749	19 028 027
Equity				
Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Share premium	104 789	104 789	0	0
Revaluation reserve	-806	-10 425	15 928	27 624
Reserves	120 942	120 942	120 942	120 942
Currency translation differences from the translation of subordinated companies and foreign branches	-577	-511	-637	-426
Retained earnings/loss	22 514	22 514	-228 810	-228 810
Current net profit attributable to shareholders of the Bank	386 739	296 403	415 878	325 214
Equity attributable to shareholders of the Bank	1 991 895	1 892 006	1 681 595	1 602 838
Minority interest				
Total equity	1 991 895	1 892 006	1 681 595	1 602 838
Total equity and liabilities	22 458 549	21 263 523	20 841 344	20 630 865
Capital adequacy ratio (%)				
Capital adequacy ratio (%)	14,03	15,96	16,42	16,38
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	7,33	6,96	6,19	5,90

3. Off-Balance Sheet Items

<i>in PLN '000'</i>	30.09.2006 end of 3rd quarter of 2006	30.06.2006 end of 2nd quarter of 2006	31.12.2005 end of 2005	30.09.2005 end of 3rd quarter of 2005
Contingent liabilities, granted and received	5 409 301	5 292 223	4 089 190	4 480 915
Liabilities granted, including:	5 013 020	4 847 394	3 577 985	3 320 681
- financial	3 601 446	3 662 196	2 451 828	2 345 850
- guarantees	1 411 574	1 185 198	1 126 157	974 831
Liabilities received, including:	396 281	444 829	511 205	1 160 234
- financial	70 867	61 917	11 831	650 181
- guarantees	325 414	382 912	499 374	510 053
Liabilities related to the sale/purchase transactions	116 462 237	111 255 861	79 905 636	90 912 757
Other	3 010 748	3 088 994	3 057 287	3 216 039
- guarantees received	3 010 743	3 088 989	3 057 191	3 215 943
- other	5	5	96	96
Total off-balance sheet items	124 882 286	119 637 078	87 052 113	98 609 711

4. Statement of Changes in Consolidated Equity

Changes in the period from 1 January to 30 October 2006

	Share capital	Share premium	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies and foreign branches	Retained earnings (losses)	Current net profit	Equity attributable to shareholder s 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			-20 029					-20 029		-20 029
Impact of valuation of cash flow hedging derivatives			-361					-361		-361
Deferred tax			3 656					3 656		3 656
Net profit recognised directly in the equity			-16 734					-16 734		-16 734
Current net profit							386 739	386 739		386 739
Total of recognised income and expenses			-16 734				386 739	370 005		370 005
Profit allowance	104 789			-104 789						
Dividends paid				-59 765			-59 765		-59 765	
Currency translation differences			60				60		60	
Equity at period end – as of 30.09.2006	1 358 294	104 789	-806	120 942	-577	22 514	386 739	1 991 895	0	1 991 895

Changes in the period from 1 January to 31 December 2005

	Share capital	Share premium	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies and foreign branches	Retained earnings (losses)	Current net profit	Equity attributable to shareholders of the Bank	Minority interest	Total equity
<i>in PLN '000'</i>										
Equity at opening balance – as of 01.01.2005	1 358 294	350 910	8 059	173 779	-285	-632 557	0	1 258 200	0	1 258 200
Valuation of financial assets available for sale			11 377					11 377		11 377
Deferred tax			-3 467					-3 467		-3 467
Net profit recognised directly in the equity			7 910					7 910		7 910
Current net profit							415 878	415 878		415 878
Total of recognised income and expenses			7 910				415 878	423 788		423 788
Covering retained loss		-350 910		-52 837		403 747		0		0
Other changes			-41					-41		-41
Currency translation differences					-352			-352		-352
Equity at period end – as of 31.12.2005	1 358 294	0	15 928	120 942	-637	-228 810	415 878	1 681 595	0	1 681 595

Changes in the period from 1 January to 30 October 2005

	Share capital	Share premium	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinate d companies and foreign branches	Retained earnings (losses)	Current net profit	Equity attributable to shareholders of the Bank	Minority interest	Total equity
<i>in PLN '000'</i>										
Equity at opening balance – as of 01.01.2005	1 358 294	350 910	8 059	173 779	-285	-632 557		1 258 200		1 258 200
Valuation of financial assets available for sale			19 606					19 606		19 606
Deferred tax										
Net profit recognised directly in the equity			19 606					19 606		19 606
Current net profit							325 214	325 214		325 214
Total of recognised income and expenses			19 606				325 214	344 820		344 820
Covering retained loss		-350 910		-52 837		403 747				
Other changes			-41					-41		-41
Currency translation differences					-141			-141		-141
Equity at period end – as of 30.09.2005	1 358 294	0	27 624	120 942	-426	-228 810	325 214	1 602 838	0	1 602 838

5. Consolidated Cash Flow Statement

<i>in PLN '000'</i>	3rd quarter of 2006 01.07.2006 - 30.09.2006	Three quarters of 2006 01.01.2006 - 30.09.2006	3rd quarter of 2005 01.07.2005 - 30.09.2005	Three quarters of 2005 01.01.2005 - 30.09.2005
Net cash flow from operating activities	1 137 071	1 014 276	243 750	1 167 448
Net profit (loss)	90 336	386 739	92 053	325 214
Adjustments to net profit (loss) and net cash from operating activities:	1 046 735	627 537	151 697	842 234
Current and deferred tax income recognized in financial result	12 173	4 889	-37 130	-72 344
Non-realized profit/loss from currency translation differences	-30 461	28 013	-43 309	-35 133
Investing and financing activities	-341 140	-1 181 018	6 970	-163 607
Depreciation	26 898	85 198	33 520	104 790
Share in profit (loss) of subordinated companies	-745	-1 551	-878	-1 279
Impairment	-239 084	-1 060 331	4 388	-120 360
Dividends	-277	-1 027	-30	-780
Interest	-96 516	-193 522	-23 155	-183 463
Net increase/decrease in provisions (release of provisions - negative sign)	-31 699	-2 898	-8 327	30 157
Profit (loss) from investments	283	-6 887	1 452	7 328
Net increase/decrease in operating assets (excluding cash)	-188 816	-135 742	540 678	1 490 019
Net increase/decrease in gross amounts due from banks :	73 685	-145 725	-380 527	-593 598
Net increase/decrease in financial assets at fair value through profit and loss, including assets held for trading	86 698	226 477	54 037	770 393
Net increase/decrease in gross amounts due from customers	-396 079	-287 373	938 142	1 326 900
Net increase/decrease in income tax assets	357	1 165	6 196	350
Net increase/decrease in income tax receivables	-5 858	7 554	0	5 107
Received tax	-13 887	-13 887	0	0
Paid income tax	27 858	14 639	1 531	5 433
Net increase/decrease in other assets	38 410	61 408	-78 701	-24 566
Net increase/decrease in operating liabilities (excluding cash)	1 594 979	1 911 395	-315 512	-376 701
Net increase/decrease in deposits from central bank	23	2 365	0	0
Net increase/decrease in deposits from banks	-166 345	58 302	-77 745	-326 854
Net increase/decrease in liabilities held for trading	-22 714	4 800	-30 679	8 732
Net increase/decrease in deposits from customers	921 780	1 054 932	373 760	551 925
Net increase/decrease in securities sold under repurchase agreements	897 521	930 566	-611 663	-553 285
Net increase/decrease in income tax liability	-7 707	-14 448	-637	-9 128
Net increase/decrease in other liabilities	-27 579	-125 122	31 452	-48 091
Net cash flow from operating activities	1 137 071	1 014 276	243 750	1 167 448

	3rd quarter of 2006 01.07.2006 - 30.09.2006	Three quarters of 2006 01.01.2006 - 30.09.2006	3rd quarter of 2005 01.07.2005 - 30.09.2005	Three quarters of 2005 01.01.2005 - 30.09.2005
Net cash flow from investing activities	-767 347	-60 949	-1 129 587	-2 428 192
Inflows	9 802 193	36 111 556	10 358 752	31 463 703
Disposal of property, plant and equipment and intangible assets	915	9 576	-2 262	24 737
Disposal of subsidiaries classified as available for sale		17 012	2 495	2 495
Disposal of investment securities	9 789 176	35 931 937	10 353 900	31 323 646
Dividends on shares	277	1 027	30	780
Interest received	11 825	152 004	4 589	112 045
Outflows	-10 569 540	-36 172 505	-11 488 339	-33 891 895
Acquisition of property, plant and equipment and intangible assets	-29 660	-66 325	-11 615	-51 144
Acquisition of subsidiaries classified as available for sale	0	0	0	-10 317
Acquisition of investment securities	-10 539 880	-36 106 180	-11 476 724	-33 830 434
Net cash flows related to investing activities	-767 347	-60 949	-1 129 587	-2 428 192
Cash flow from financing activities	-481 643	-771 779	161 944	-83 635
Inflows	0	0	796 675	796 675
Received loans and advances	0	0	796 675	796 675
Outflows	-481 643	-771 779	-634 731	-880 310
Dividend paid	-59 765	-59 765	0	0
Repayment of subordinated liabilities	0	-157 605	0	0
Repayment of loan and advances	-400 000	-400 000	0	0
Repurchase of debt securities issued	0	-95 454	-619 143	-813 843
Other financial outflows	-21 878	-58 955	-15 588	-66 467
Net cash flow from financing activities	-481 643	-771 779	161 944	-83 635
Balance sheet change in cash, including:	-111 919	181 548	-723 893	-1 344 379
Cash at period beginning	2 542 356	2 248 889	3 301 655	3 922 141
Cash at period end	2 430 437	2 430 437	2 577 762	2 577 762
Including restricted cash	522 272	522 272	528 919	528 919

STANDALONE INDIVIDUAL FINANCIAL STATEMENTS OF KREDYT BANK S.A.

1. Income Statement

	3rd quarter of 2006	Three quarters of 2006	3rd quarter of 2005	Three quarters of 2005
<i>in PLN '000'</i>	01.07.2006 - 30.09.2006	01.01.2006 - 30.09.2006	01.07.2005 - 30.09.2005	01.01.2005 - 30.09.2005
Interest income	307 771	912 840	323 636	1 027 854
Interest expense	-145 697	-414 989	-157 537	-536 686
Net interest income	162 074	497 851	166 099	491 168
Fee and commission income	78 335	213 304	65 379	185 325
Fee and commission expense	-9 526	-24 188	-3 846	-13 675
Net fee and commission income	68 809	189 116	61 533	171 650
Dividend income	277	1 027	30	780
Net trading income	32 125	95 660	39 888	111 870
Profit (loss) from investment activities	1 947	3 840	624	-4 465
Income from sale of receivables portfolio	0	121 306	0	0
Other operating income	7 185	30 553	16 937	40 480
Total operating income	272 417	939 353	285 111	811 483
General and administrative expenses	-193 720	-585 744	-199 016	-592 734
Net impairment charges for financial assets and other assets and provisions	35 971	33 701	-15 326	55 024
Other operating expenses	-8 297	-28 492	-16 558	-36 325
Total operating expense	-166 046	-580 535	-230 900	-574 035
Net operating income	106 371	358 818	54 211	237 448
Profit before tax	106 371	358 818	54 211	237 448
Income tax expense	-11 130	-140	39 264	80 972
Net profit from business activities	95 241	358 678	93 475	318 420
Net profit from discontinued operations	0	0	0	974
Net profit	95 241	358 678	93 475	319 394
Including:				
Per the Bank's Shareholders	95 241	358 678	93 475	319 394
Weighted average number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Earnings per share (in PLN)	0,35	1,32	0,34	1,18

2. Balance Sheet

<i>in PLN '000'</i>	30.09.2006 end of 3rd quarter of 2006	30.06.2006 end of 2nd quarter of 2006	31.12.2005 end of 2005	30.09.2005 end of 3rd quarter of 2005
Assets				
Cash and balances with Central Bank	417 848	1 370 030	607 069	684 788
Gross due from banks	2 745 243	1 978 568	2 229 548	2 777 268
Allowances for impairment losses of dues from banks	-2 894	-2 894	-2 894	-2 894
Financial assets at fair value through the profit and loss account, including assets held for trading	477 082	564 659	703 888	613 144
Gross loans and advances to customers	12 890 562	12 281 877	12 192 581	12 616 755
Allowances for impairment losses of loans and advances to customers	-1 687 686	-1 713 953	-2 319 248	-2 546 152
Investments in securities:	6 957 079	6 116 652	6 709 651	5 748 152
- available for sale	4 291 764	3 553 030	4 417 819	3 502 555
- held to maturity	2 665 315	2 563 622	2 291 832	2 245 597
Equity investment classified as available for sale	73 829	73 829	91 375	123 878
Property, plant and equipment (PPE)	298 458	298 297	341 065	323 419
Intangible assets	86 391	93 773	110 557	115 327
Deferred tax assets	113 772	132 823	98 748	74 492
Current tax receivable	5 858	0	13 412	0
Other assets	116 388	119 739	136 143	186 102
Total assets	22 491 930	21 313 400	20 911 895	20 714 279

<i>in PLN '000'</i>	30.09.2006 end of 3rd quarter of 2006	30.06.2006 end of 2nd quarter of 2006	31.12.2005 end of 2005	30.09.2005 end of 3rd quarter of 2005
Liabilities				
Amounts due to Central Bank	2 365	2 342	0	0
Amounts due to banks	2 644 691	2 830 304	2 562 167	2 632 737
Financial liabilities held for trading	224 955	247 669	220 155	242 664
Amounts due to customers	15 590 552	14 673 175	14 592 699	14 667 183
Debt securities issued	0	402 223	402 435	407 726
Securities sold under repurchase agreements	1 301 268	401 746	368 701	165 487
Income tax liabilities	0	11 764	0	0
Provisions	45 211	75 040	77 072	66 994
Other liabilities	302 687	387 247	439 367	355 778
Subordinated liabilities	438 304	444 853	589 581	595 390
Total liabilities	20 550 033	19 476 363	19 252 177	19 133 959
Equity				
Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Share premium	104 789	104 789	0	0
Revaluation reserve	-806	-10 425	15 928	27 624
Reserves	120 942	120 942	120 942	120 942
Retained earnings/loss	0	0	-245 934	-245 934
Current net profit attributable to shareholders of the Bank	358 678	263 437	410 488	319 394
Total equity	1 941 897	1 837 037	1 659 718	1 580 320
Total equity and liabilities	22 491 930	21 313 400	20 911 895	20 714 279
Capital adequacy ratio (%)				
Capital adequacy ratio (%)	13,78	15,80	16,21	14,43
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	7,15	6,76	6,11	5,82

3. Off-Balance Sheet Items

<i>in PLN '000'</i>	30.09.2006 end of 3rd quarter of 2006	30.06.2006 end of 2nd quarter of 2006	31.12.2005 end of 2005	30.09.2005 end of 3rd quarter of 2005
Contingent liabilities, granted and received	5 423 748	5 485 027	4 300 859	4 576 204
Liabilities granted, including:	5 027 467	5 040 198	3 788 786	3 414 571
- financial	3 614 372	3 853 879	2 660 911	2 438 022
- guarantees	1 413 095	1 186 319	1 127 875	976 549
Liabilities received, including:	396 281	444 829	512 073	1 161 633
- financial	70 867	61 917	12 699	651 580
- guarantees	325 414	382 912	499 374	510 053
Liabilities related to the sale/purchase transactions	116 462 237	111 260 647	79 905 636	90 912 757
Other	3 052 825	3 089 326	3 068 907	3 227 700
- guarantees received	3 052 825	3 089 326	3 068 815	3 227 608
- other	0	0	92	92
Total off-balance sheet items	124 938 810	119 835 000	87 275 402	98 716 661

4. Statement of Changes in Shareholders' Equity

Changes in the period from 1 January to 30 October 2006

<i>in PLN '000'</i>	Share capital	Share premium	Revaluation reserve	Reserves	Retained earnings (losses)	Current net profit	Total equity
Equity at opening balance – as of 01.01.2006	1 358 294	0	15 928	120 942	164 554		1 659 718
Valuation of financial assets available for sale			-20 029				-20 029
Impact of valuation of cash flow hedging derivatives :			-361				-361
Deferred tax			3 656				3 656
Net profit recognised directly in the equity			-16 734				-16 734
Current net profit						358 678	358 678
Total of recognised income and expenses			-16 734			358 678	341 944
Profit allowance		104 789			-104 789		0
Dividends paid					-59 765		-59 765
Equity at period end – as of 30.09.2006	1 358 294	104 789	-806	120 942	0	358 678	1 941 897

Changes in the period from 1 January to 31 December 2005

<i>in PLN '000'</i>	Share capital	Share premium	Revaluation reserve	Reserves	Retained earnings (losses)	Current net profit	Total equity
Equity at opening balance – as of 01.01.2005	1 358 294	350 910	8 059	173 779	-649 681		1 241 361
Valuation of financial assets available for sale			11 377				11 377
Deferred tax			-3 467				-3 467
Net profit recognised directly in the equity			7 910				7 910
Current net profit						410 488	410 488
Total of recognised income and expenses			7 910			410 488	418 398
Covering retained loss		-350 910		-52 837	403 747		0
Other changes			-41				-41
Equity at period end – as of 31.12.2005	1 358 294	0	15 928	120 942	-245 934	410 488	1 659 718

Changes in the period from 1 January to 30 October 2005

<i>in PLN '000'</i>	Share capital	Share premium	Revaluation reserve	Reserves	Retained earnings (losses)	Current net profit	Total equity
Equity at opening balance – as of 01.01.2005	1 358 294	350 910	8 059	173 779	-649 681		1 241 361
Valuation of financial assets available for sale	0		19 606				19 606
Deferred tax							0
Net profit recognised directly in the equity			19 606				19 606
Current net profit						319 394	319 394
Total of recognised income and expenses			19 606			319 394	339 000
Covering retained loss		-350 910		-52 837	403 747		0
Other changes			-41				-41
Equity at period end – as of 30.09.2005	1 358 294	0	27 624	120 942	-245 934	319 394	1 580 320

5. Cash Flow Statement

<i>in PLN '000'</i>	3rd quarter of 2006 01.07.2006 - 30.09.2006	Three quarters of 2006 01.01.2006 - 30.09.2006	3rd quarter of 2005 01.07.2005 - 30.09.2005	Three quarters of 2005 01.01.2005 - 30.09.2005
Net cash flow from operating activities	1 135 011	1 026 711	238 701	1 195 302
Net profit (loss)	95 241	358 678	93 475	319 394
Adjustments to net profit (loss) and net cash from operating activities:	1 039 770	668 033	145 226	875 908
Current and deferred tax income recognized in financial result	11 130	140	-39 264	-80 972
Non-realized profit/loss from currency translation differences	-30 395	27 953	-43 396	-34 992
Investing and financing activities	-130 130	-778 696	184	-189 928
Depreciation	23 153	77 128	31 226	96 967
Impairment	-27 251	-627 931	-608	-140 044
Dividends	-277	-1 027	-30	-780
Interest	-96 516	-193 522	-23 155	-183 463
Net increase/decrease in provisions (release of provisions - negative sign)	-29 829	-31 861	-8 391	30 456
Profit (loss) from investments	590	-1 483	1 142	6 936
Net increase/decrease in operating assets (excluding cash)	-403 733	-534 940	514 617	1 453 657
Net increase/decrease in gross amounts due from banks :	73 685	-145 725	-381 065	-594 136
Net increase/decrease in financial assets at fair value through profit and loss, including assets held for trading	86 698	226 477	60 000	776 940
Net increase/decrease in gross amounts due from customers	-608 685	-697 981	952 458	1 317 432
Net increase/decrease in income tax assets	2	0	6 480	6 480
Net increase/decrease in income tax receivables	-5 858	7 554	0	5 107
Received tax	0	-13 412	0	0
Paid income tax	11 764	11 764	112	555
Net increase/decrease in other assets	38 661	76 383	-123 368	-58 721
Net increase/decrease in operating liabilities (excluding cash)	1 592 898	1 953 576	-286 915	-271 857
Net increase/decrease in deposits from central bank	23	2 365	0	0
Net increase/decrease in deposits from banks	-166 345	58 302	1 174 247	1 555 121
Net increase/decrease in liabilities held for trading	-22 714	4 800	-30 679	8 732
in deposits from customers	917 377	1 093 592	-862 398	-1 352 023
Net increase/decrease in securities sold under repurchase agreements	899 522	932 567	-611 663	-553 285
Net increase/decrease in income tax liability	5 407	0	0	0
Net increase/decrease in other liabilities	-40 372	-138 050	43 578	69 598
Net cash flow from operating activities	1 135 011	1 026 711	238 701	1 195 302

	3rd quarter of 2006 01.07.2006 - 30.09.2006	Three quarters of 2006 01.01.2006 - 30.09.2006	3rd quarter of 2005 01.07.2005 - 30.09.2005	Three quarters of 2005 01.01.2005 - 30.09.2005
Net cash flow from investing activities	-763 265	-59 440	-1 128 362	-2 435 519
Inflows	9 801 279	36 102 230	10 359 248	31 440 884
Disposal of property, plant and equipment and intangible assets	1	250	845	4 530
Disposal of subsidiaries classified as available for sale	0	17 012	0	0
Disposal of investment securities	9 789 176	35 931 937	10 353 784	31 323 529
Dividends on shares	277	1 027	30	780
Interest received	11 825	152 004	4 589	112 045
Other inflows from investments	0	0	0	0
Outflows	-10 564 544	-36 161 670	-11 487 610	-33 876 403
Acquisition of property, plant and equipment and intangible assets	-24 639	-55 465	-10 886	-46 354
Acquisition of subsidiaries classified as available for sale	-25	-25	0	0
Acquisition of investment securities	-10 539 880	-36 106 180	-11 476 724	-33 830 049
Other investment outflows	0	0	0	0
Net cash flows related to investing activities	-763 265	-59 440	-1 128 362	-2 435 519
Cash flow from financing activities	-483 568	-786 522	165 679	-104 224
Inflows	0	0	796 675	796 675
Received loans and advances	0	0	796 675	796 675
Outflows	-483 568	-786 522	-630 996	-900 899
Dividend paid	-59 765	-59 765	0	0
Repayment of subordinated liabilities	0	-157 605	0	0
Repayment of loan and advances	0	-95 454	-619 143	-813 843
Repurchase of debt securities issued	-400 000	-400 000	0	0
Other financial outflows	-23 803	-73 698	-11 853	-87 056
Net cash flow from financing activities	-483 568	-786 522	165 679	-104 224
Balance sheet change in cash, including:	-111 822	180 749	-723 982	-1 344 441
Cash at period beginning	2 541 372	2 248 801	3 301 600	3 922 059
Cash at period end	2 429 550	2 429 550	2 577 618	2 577 618
Including restricted cash	522 272	522 272	528 919	528 919
Components of cash:				
Cash and cash balances with Central Bank	417 848	417 848	684 788	684 788
Nostro accounts	14 828	14 828	20 704	20 704
Loans < 3 months	1 996 874	1 996 874	1 872 126	1 872 126
Total cash at period end	2 429 550	2 429 550	2 577 618	2 577 618



**Interim Consolidated Financial Statement
of Kredyt Bank Capital Group
for the Third Quarter of 2006
according to
International Financial Reporting Standards**

Table of contents

1.	Basis of preparing this financial report	3
2.	The KB Capital Group's financial standing at the end of the third quarter of 2006	3
3.	Information on dividend	16
4.	Group's structure	17
5.	Description of significant accounting principles and accounting estimates and comparable data	18
6.	Information on major post-balance sheet events	27
7.	Change in contingent liabilities	28
8.	Information on shareholders holding over 5% stake in the share capital and votes at GMS	28
9.	The Bank's shares and the shares in the Group's subsidiaries held by the Management Board and the Supervisory Board members	29
10.	Information on proceedings before courts or public administration authority	29
11.	Significant transactions with related parties not stemming from current operating activity	32
12.	Information on issued guarantees or sureties by the Bank or its subsidiary	33
13.	Other information, which, in the issuer's opinion, is material for the assessment of its personnel or financial situation, its assets, financial results and their changes and information material for the assessment of the potential fulfilment of the issuer's commitments	33
14.	Position of the Management Board with regard to a possible earlier realization of a published forecast of financial results.	33
15.	Factors which will exert an impact on the result within the next quarter	33

Notes to the interim consolidated financial report of Kredyt Bank Capital Group for the third quarter of 2006

1. Basis of preparing this financial report

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 KB Group') have been prepared in compliance with International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS).

Pursuant to Article 45 Clause 1c of the Act and according to the decision of the General Shareholders Meeting of Kredyt Bank S.A. dated 25 April 2005, effectively from 01.01.2005, separate financial statements of Kredyt Bank S.A. ('the Bank') have been prepared in accordance with IAS/IFRS.

The interim consolidated financial report for the third quarter of 2006 and the financial statements included in this report were prepared in line with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) in the version being in force as at the date of their preparation. Specifically, this report has been prepared according to IAS 34 *Interim Financial Reporting* and matters not governed by IFRS must comply with the Act and the provisions of the Ordinance by the Ministry 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).

2. The KB Capital Group's financial standing at the end of the third quarter of 2006

Net profit of PLN 387 million generated by the KB Group in three quarters of 2006 is the evidence that the strategy focused on developing selected areas of business and building relationship with clients, beneficial for both sides, supported by firm actions in the range of improvement of the quality of credit portfolio and cost control is bringing to the shareholders measurable results in a form of a steady increase in the results and value.

In August 2006, Fitch Ratings, an international rating agency, raised a long-term rating for indebtedness in foreign currency for the Bank changing it from 'A' into 'A+'.

2.1. Financial result

The KB Capital Group's net profit in the third quarter of 2006 amounted to PLN 90 336 thousand, while net profit generated in the third quarter of 2005 amounted to PLN 92 053 thousand. The profit before tax amounted to PLN 102 509 thousand, as compared to PLN 54 923 thousand in the third quarter of 2005.

In cumulative terms, the net profit for the three quarters of 2006 amounted to PLN 386 739 thousand in comparison with the profit of PLN 325 214 thousand generated over the three quarters of 2005; whereas the accumulated profit before tax amounted to PLN 391 628 in comparison with the profit before tax of PLN 251 896 for the three quarters of 2005.

The following factors contributed to the good financial result in the third quarter of 2006:

- growing business activeness as observed over the last months after the profound restructuring of processes had been implemented in the KB Capital Group, mostly in the range of sales of products offered in cooperation with WARTA, Żagiel and KBC TFI to retail clients;
- increase in the brand awareness resulting from the rebranding process, supported by marketing campaigns, and, in consequence, an increase in satisfaction and trust of the clients;
- reduction of the risk profile of the loan receivables portfolio;
- gradual improvement of the working assets quality supported by effective restructuring and debt recovery activities;
- continuation of the effective cost management in the Group.

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

<i>in PLN '000</i>	3rd quarter of 2006	Three quarters of 2006	3rd quarter of 2005	Three quarters of 2005
Net interest and fee and commission income	256 311	770 974	257 564	766 199
Net income from trading and investing activities	36 517	101 805	40 529	109 070
Net income from sale of receivables portfolio	0	145 388	0	0
Profit from other operating income/expenses	-4 133	4 680	-8 260	-1 259
Total income	288 695	1 022 847	289 833	874 010
General and administrative expenses	-222 323	-660 055	-219 510	-656 606
Net impairment charges for financial assets, other assets and provisions	35 115	26 258	-16 308	32 433
Profit before tax	102 509	391 628	54 923	251 896
Income tax expense	-12 173	-4 889	37 130	72 344
Net profit	90 336	386 739	92 053	325 214

Net interest and fee and commission income generated by the Group after three quarters of 2006 amounted to PLN 770 974 thousand what signifies it reached a level similar to the result achieved in the analogous period of the previous year. As it was presented in the previous quarterly reports of 2006, this is the result of, first of all, a changing product and currency structure of the credit portfolio and a slightly decreased margin on particular credit products. Additionally, the Bank maintains a high level of the debt securities portfolio, what, in the light of decreasing interest rates, has an impact on the level of generated interest income. In the third quarter of 2006, the net interest, fee and commission income amounted to PLN 256 311 and was lower by 0.5% than the result achieved in the third quarter of 2005, whereas in comparison with the second quarter of 2006 it grew by 3.7%.

Fee and commission income was lower in comparison with the net fee and commission income generated in the three quarters of 2005, which is a consequence of a policy with regard to development of retail loan receivables portfolio adopted by the Group in 2006, changes in legal regulations concerning this type of credit products as well as rules of accounting measurement and recognition in statements being in force. Due to the changes in legal regulations, the Group has performed verification of fees collected from clients, in result of which most of them are settled in time to interest income with the use of the effective interest rate method. An analogous situation occurred in previous quarter of 2006, when compared to the analogous quarters of 2005; whereas the consolidated net interest, fee and commission income has been growing for the three quarters of 2006:

<i>in PLN '000</i>	3rd quarter of 2006	2nd quarter of 2006	1st quarter of 2006
Net fee and commission income	69 388	61 605	59 803

The most dynamically growing item is income from distribution of investment and insurance products. Within the three quarters of 2006, the Group recorded a three-fold increase in this income as compared to the analogous period of 2005.

Net trading income and investments in three quarters of 2006 amounted to PLN 101 805 thousand in comparison with PLN 109 070 thousand generated in three quarters of 2005. The high reference base in 2005 resulted from restructuring of long-term portfolios of debt securities in that period due to reclassification of financial instruments portfolios performed as at 01.01.2005 in relation to first-time adoption of IAS/IFRS (a part of securities from the portfolio of assets available-for-sale was reclassified to the portfolio of financial assets measured at fair value through profit or loss). In result of the reclassification, the Bank sold a part of securities and purchased instead, without increasing the exposure to interest rate risk, securities generating higher interest income. In result of these transactions, the Bank achieved a profit from sales in the amount of PLN 16 million.

The net trading income generated in the third quarter of 2006 increased in comparison with the previous reporting periods what is evidence for growing activeness of the Bank in this segment of its operating activity in 2006.

Net income from sale of receivables portfolio – as presented in the report for the second quarter of 2006, an impact of the transaction on the consolidated net profit, taking into account the transaction

costs, provisions against risks connected with the transaction and the tax effect, amounted to PLN 130 745 thousand.

After the three quarters of 2006, the operating expenses of the Group amounted to PLN 660 055 thousand (after consolidation of Reliz) and were at the similar level as compared to the analogous period of 2005. Optimisation of operating expenses is still one of the key targets of the Group. After the three quarters of 2006, the remuneration costs increased by 5% as compared to the three quarters of 2005, which is a consequence of an active HR policy performed in the Bank, directed at the support for sales activities through bonus systems and rewards for accomplishment of sales targets. Staff training expenses increased by 42% compared to the three quarters of 2005 while advertising expenses grew by 17%. These growing trends are neutralized by a reduction of administrative costs.

Cost/income ratio (CIR) for the three quarters of 2006 was equal to 64.5%, i.e. improved by 10.6 p.p. in relation to the same period of 2005. After the third quarter of 2006 the ratio amounted to 76.9% and was higher by 1.2 p.p. compared to the third quarter of 2005.

In the third quarter of 2006, the Group released net impairment charges for loan receivables and other assets and provisions for the amount of PLN 35 115 thousand.

The continuous positive trend in the net operating income generated by the Bank confirms a high probability of future realization of negative temporary differences, currently identified in income tax calculation. Therefore, in the three quarters of 2006, similarly to the comparable period, the Bank recognised in the income statement a surplus of deferred tax asset over deferred tax liability amounting to PLN 11 368 thousand. This difference directly affected the Group's result for the three quarters of 2006. In the comparable period of 2005 an amount of the surplus recognised by the Bank equalled PLN 80 972 thousand. Detailed information on the policy of recognizing deferred tax has been presented in Chapter 5.5 of this report.

2.2. Standalone financial result of the Bank

A difference between the standalone and consolidated results is the consequence of the adopted accounting principle concerning measurement of stock and shares of the subsidiaries in the standalone statement. Stock and shares are recognised in the standalone statement as assets available-for-sale at cost less impairment, but not including a surplus of net assets value over their cost. Pursuant to IAS 39, allowances for impairment of capital investments recognised at historical cost are not reversible. Therefore, an increase in net assets of the subsidiaries is not reflected in the measurement of their stock in the standalone statement.

2.3. Assets and liabilities

The Group, over the last few months, has been recording an increase in gross loans and advances to customers. Additionally, in the third quarter of 2006, due to the consolidation of Reliz with the full method, the Bank eliminated from its consolidated balance sheet a credit for the gross amount of PLN 220 million.

In the third quarter of 2006, the Bank recorded a further increase in the value of investment securities portfolios resulting from a growing volume of receivables due to clients which, according to the policy applied, are invested in debt securities.

The portfolio of clients' deposits and disposed securities with the promise of repurchase increased by 13.6% (PLN 2 015 719) in the third quarter of 2006, in comparison with the third quarter of 2005, whereas there is a more dynamic increase in the area of some products addressed mainly to individual customers. A more detailed explanation is presented in the section on retail banking.

2.4. Improvement in the quality of receivables portfolio

As in the previous reporting periods, the Group continued the process of limiting non-performing loans portfolio in the third quarter of 2006 through efficient restructuring and debt recovery activities.

In the third quarter of 2006, the value of non-performing receivables portfolio, i.e. those for which individual circumstances indicating the impairment have been identified, dropped by 13.5% and by 42.3% over the last 12 months. In the third quarter of 2006, elimination of a non-performing loan from the consolidated balance sheet related to consolidation of Reliz was an important reason for the drop. In the previous quarter, a part of the non-performing receivables portfolio was sold as presented in the report for the second quarter of 2006. As a result, the quality ratio of the Group's gross receivables portfolio improved over 12 months by 12.6 p.p.

The Group, conducting estimations of the credit risk related to individual loan exposures as well as the loan portfolios, applies the imperative prudence principle. On 30.09.2006, the coverage of receivables for which individual evidence for impairment was identified with allowances for impairment losses reached the level continues to be at a high level.

<i>in PLN '000</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005
Gross loans and advances to customers * (without interest)	12 499 538	12 118 079	12 226 390	12 649 569
Performing loans, for which individual evidence for impairment was not identified	10 285 054	9 557 533	8 739 256	8 811 787
Non-performing loans, for which individual evidence for impairment was identified	2 214 484	2 560 546	3 487 134	3 837 782
Interest	94 121	79 501	79 896	59 144
Total gross loan and advances to customers	12 593 659	12 197 580	12 306 286	12 708 713
Allowances for impairment losses, including:	-1 601 945	-1 774 758	-2 604 206	-2 808 913
Non-performing loans, for which individual evidence for impairment was identified	-1 554 813	-1 726 513	-2 552 206	-2 702 636
Total net loans and advances to customers	10 991 714	10 422 822	9 702 080	9 899 800
Loans for which individual evidence for impairment was identified to total gross loans	17,7%	21,1%	28,5%	30,3%
Coverage of loans for which individual evidence for impairment was identified with allowances for impairment losses	70,2%	67,4%	73,2%	70,4%

2.5. Capital adequacy ratio

The capital adequacy ratio has been calculated in compliance with regulations of the National Bank of Poland in force.

2.6. Income and results by segments

The KB Group's operations, similarly to previous reporting periods, have been split into four primary business segments: Corporate Banking, Retail Banking, Treasury and Investments.

Corporate Segment performs transactions with large companies (with annual income exceeding PLN 16 million) as well as state budgetary units at the central and local levels. Beside the traditional deposit, credit and settlement services, other specific services are offered. They are tailored to the 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 fixed assets and real estates, and also of real estate trade.

Retail Segment offers products addressed at individual customers as well as Small and Medium-size Enterprises (SME), whose annual income does not exceed PLN 16 million. The offer contains 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 directed at customers through traditional channels of distribution via the Bank's countrywide network of branches as well as the Internet network - KB24. The results of this segment also comprise the result of Żagiel S.A. specializing in the sale of instalment loans as well as in intermediation in the distribution of the selected services included in the Bank's and WARTA's offers. Moreover, the Bank's offer for this segment includes also products offered by KBC TFI in the area of sale of units in investment funds.

Treasury Segment 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, and interest rate and currency options.

Investment Segment focuses on capital investments of the Group in shares of companies whose core business involves generating added value for the Group by specializing in non-banking areas of business, and also on investments in the shares of companies with the expected high long-term rate of return. In addition, the segment focuses on custodian services.

Net income from the sale of the receivables portfolio was recognised in Other.

Segment income and expenses had been determined before inter-segmental exclusions were made. Selling prices between the segments are calculated on the basis of the transfer prices methodology. The expenses and income that may not be reasonably assigned to any of the segments are disclosed in items: 'unallocated expenses' and 'unallocated income'.

On 01.01.2006 the Bank implemented a cost allocation methodology based on 'statement of cost of operations. The methodology enables a precise analysis of profitability of particular types of products and clients as well as measurement of effectiveness of the segments. The split of costs into segments presented in the report was prepared on the basis of the above model and replaced the simplified methodology applied to the end of the previous year. As it was presented in interim reports in 2005, the simplified methodology consisted in allocation of costs of operations to particular segments with the use of allocation keys including: employment structure, usable space and auxiliary keys prepared on the basis of measurement of involvement of particular units in the operations of separated segments. Application of the current methodology to transform comparable data turned out to be impractical.

Consolidated net profit for the three quarters of 2006 – by business segments*in PLN '000*

	Corporate Segment	Retail Segment	Treasury Segment	Investment Segment	Other	Exclusions	Total
1. Segment income (external)	317 722	663 394	363 849	45 123	145 563	-54 118	1 481 533
2. Segment income (internal)	120 529	334 975	314 600	0	7	-770 111	0
3. Total segment income	438 251	998 369	678 449	45 123	145 570	-824 229	1 481 533
4. Segment expenses (external)	-98 202	-290 620	-150 722	-32 055	-14 630	54 118	-532 111
4a. Allocated expenses	-76 549	-469 465	-7 145	-1 932	-30 512		-585 603
5. Segment expenses (internal)	-159 091	-150 513	-455 511	-4 996	0	770 111	0
6. Total segment expenses	-333 842	-910 598	-613 378	-38 983	-45 142	824 229	-1 117 714
7. Segment operating profit	104 409	87 771	65 071	6 140	100 428	0	363 819
8. Net impairment changes for financial assets, other assets and provisions	109 300	-65 152	0	-3 655	-14 235	0	26 258
9. Share of profit of associates measured with the equity method	0	0	0	1 551	0	0	1 551
10. Segment result	213 709	22 619	65 071	4 036	86 193	0	391 628
11. Income tax expense							-4 889
12. Net profit/loss	213 709	22 619	65 071	4 036	86 193	0	386 739

Consolidated net profit for the three quarters of 2005 – by business segments*in PLN '000*

	Corporate Segment	Retail Segment	Treasury Segment	Investment Segment	Other	Exclusions	Total
1. Segment income (external)	453 023	667 029	380 482	70 884	39 916	-163 068	1 448 266
2. Segment income (internal)	148 492	385 323	424 144	0	10	-957 969	0
3. Total segment income	601 515	1 052 352	804 626	70 884	39 926	-1 121 037	1 448 266
4. Segment expenses (external)	-139 433	-347 945	-229 208	-61 100	-21 755	163 068	-636 373
4a. Allocated expenses	-104 253	-443 691	-23 503	-16 526	-4 762		-592 735
5. Segment expenses (internal)	-231 487	-168 365	-533 825	-8 163	-16 129	957 969	0
6. Total segment expenses	-475 173	-960 001	-786 536	-85 789	-42 646	1 121 037	-1 229 108
7. Segment operating profit	126 342	92 351	18 090	-14 905	-2 720	0	219 158
8. Net impairment changes for financial assets, other assets and provisions	67 137	-33 849	0	430	-1 285	0	32 433
9. Share of profit of associates measured with the equity method	0	0	0	1 279	0	0	1 279
10. Segment result	193 479	58 502	18 090	-13 196	-4 005	0	252 870
11. Income tax expense							72 344
12. Net profit/loss	193 479	58 502	18 090	-13 196	-4 005	0	325 214

2.7. Corporate banking

In the third quarter of 2006, the Bank acquired 87 new clients in the area of corporate banking what in comparison with the second quarter of 2006 represents an increase of 10%.

In the third quarter of 2006, activities promoting the Bank's services were continued. The aim of the campaign was to increase KB's shares in the corporate clients segment and to strengthen the Bank's image as a bank easily accessible, offering the highest quality of services which provides complex customer service for big companies. As a result of the campaigns carried out, the credit portfolio of corporate clients has been steadily growing in 2006.

<i>in PLN '000</i>	30.09.2006	30.06.2006	31.03.2006	30.09.2005
Gross value of the portfolio at the end of the quarter	4 444	4 156	4 061	4 543

2.8. Retail and SME banking

In the third quarter of 2006, the Bank continued its efforts to expand retail banking area. As in the previous quarters, a particular emphasis was put on actions connected with active acquisition of new clients and development of the product offer. The activities were mainly focused on:

- further dynamic development of the bancassurance in cooperation with WARTA Group;
- development of Żagiel's offer;
- expanding cooperation with KBC TFI in area of distributing investment funds units.

In the third quarter of 2006, the Bank's activities have been rewarded with two prestigious awards. The Newsweek weekly magazine has awarded Kredyt Bank with the third place in its ranking for the friendliest bank for individual clients. As compared to the results of the last year's scale, the Bank improved its rank by 12 positions. The second reward was a distinction granted by Forbes magazine for the second place in the ranking for the best bank for individual clients.

In both cases, the juries underlined the spectacular pace of changes in the quality of individual customer service. In addition, in both rankings Kredyt Bank collected the highest scores for its ability to acquire customers and keep them with the Bank.

Retail and cash loans

The sales of retail loans through Żagiel's distribution network in the third quarter of 2006 amounted to PLN 416 million, i.e. increased by 6% as compared to the second quarter of 2006. Similarly, there was an increase in the volume of loans granted – in the third quarter of 2006, 237 thousand credits were granted versus 231 thousand in the second quarter of 2006.

'Kredyt Punkt' – a new distribution network being currently built by Żagiel has significantly increased the dynamics of the cash loans sales what resulted in an increase in the value of cash loans granted already in the third quarter of 2006. Over 100 units provide services under the brand name of 'Kredyt Punkt'.

<i>in PLN '000</i>	3rd quarter of 2006	2nd quarter of 2006	4th quarter of 2005	3rd quarter of 2005
Żagiel – instalment and cash loans				
Number of loans granted in the quarter (in '000)	237	231	288	251
Value of loans granted in the quarter	416 249	392 305	528 843	456 879
Gross value of the portfolio at the end of the quarter	1 176 830	1 155 833	1 423 623	1 278 548

Mortgage loans

In the third quarter of 2006 the Bank granted 4.3 thousand mortgage loans for the total amount of over PLN 527 million. Against the second quarter of 2006, the sales of loans remain stable, whereas as compared to the third quarter of 2005 the sales of loans increased by 113% in terms of their value and by 23% in terms of their quantity.

<i>in PLN '000</i>	3rd quarter of 2006	2nd quarter of 2006	4th quarter of 2005	3rd quarter of 2005
Mortgage loans				
Number of loans granted in the quarter (in '000)	4,3	4,3	4,4	3,5
Value of loans granted in the quarter	526 971	535 224	351 289	247 640
Gross book value of the portfolio at the end of the quarter *	2 855 240	2 536 025	2 035 351	1 839 389

* The item includes: loans to private persons, individual entrepreneurs, individual farmers

Current accounts for individual clients

On 30.09.2006, a number of current accounts grew by 1.7% in relation to 30.06.2006 and by 9.9% compared to the figures recorded on 30.09.2005.

<i>in PLN '000</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005
ROR accounts				
Number (in '000)	543	534	508	494
Book value	938 845	914 055	766 090	727 820

Savings accounts for individual customers

The volumes on the savings accounts, which is one of the Bank's basic depositary products, are growing steadily: as at the end of the third quarter of 2006, the value of deposited cash exceeded

PLN 3.2 billion, which represents an increase of 22% compared to the end of the second quarter of 2006 and of over 85.6% in relation to the end of the third quarter of 2005.

Depository offer for individual clients has been gradually expanded. In the third quarter the Bank launched the saving accounts in foreign currencies. As at 30.09.2006 the value of deposited cash translated into PLN amounted to 154 282 thousand.

<i>in PLN '000</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005
Savings Accounts				
Number (in '000)	214	191	160	143
Book value	3 239 578	2 651 620	1 951 041	1 745 544

Credit cards

At the end of the third quarter of 2006, the number of credit cards issued increased by 60% against figures at the end of the third quarter of 2005, whereas there was a growth of 10% compared to the end of the second quarter of 2006.

<i>in '000</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005
Credit cards	91	83	66	57

Electronic distribution channels

The number of users of electronic distribution channels has been growing systematically. As at 30.09.2006 the number of KB24 users was equal to 213 thousand. The number of users grew by 31.5% in relation to the figures as at 30.09.2005.

<i>in '000</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005
Number of KB24 users	213	200	165	162
Number of wire transfers via KB24 in the quarter	2 223	2 152	1 925	1 691

Offer for SME segment

At the end of the third quarter of 2006, the value of credits granted to small and medium-sized enterprises increased by 5.6% in comparison with the end of the second quarter of 2006 and by 8% as

compared to the three quarters of 2005. After three quarters of 2006, the value of funds on current accounts of SME clients was higher by 16.3% than in the analogous period of 2005.

<i>in PLN '000</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005
Loans for SME	631 641	598 372	688 745	585 033
Current accounts for SME	1 110 699	1 024 600	1 009 595	954 400

Number of Bank's customer

A number of the Bank's clients in the retail and SME segments is growing gradually. There was an increase of 7% in comparison with the figures as at 30.09.2005.

<i>in '000</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005
Individual customers	839	824	797	786
SME	87	85	81	80
Total number of customers	926	909	878	866

2.9. Investment funds

As at 30.09.2006, the total value of net assets in investment funds sold via the Bank's distribution network and managed by KBC TFI and WARTA amounted to PLN 2 678 million, which represents an increase by over 87% in comparison with figures as at 30.09.2005.

<i>in PLN '000</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005
Net assets in investment funds sold via the Bank's distribution network	2 677 790	2 263 576	1 834 117	1 428 048

As of the end of the third quarter of 2006, TFI S.A. managed investment funds for the total amount of PLN 6.3 billion.

The value of assets in investment funds managed by KBC TFI amounted to PLN 3.7 billion, which, as at the end of the third quarter of 2006, accounted for the Society's market share of 4.4%. The Society was ranked sixth among all Investment Fund Societies in Poland. As compared with figures recorded at the end of the second quarter of 2006, the market share of KBC TFI increased by 0.2%, and, in the ranking of investments societies, KBC TFI moved one position up.

The third quarter of 2006 was yet another period for KBC TFI of intensive works on development of the product offer. TFI performed the subscription for KBC Index Światowych Nieruchomości FIZ, a capital guaranteed fund, where investor's profit depends on the situation on real estate markets in Europe and fast-developing Asian countries. The fund portfolio is composed of EPRA index (50%) and TSEREIT index (50%). This fund aroused wide interest among investors. As a result of the subscription, KBC Index Światowych Nieruchomości FIZ acquired over PLN 356 million.

As of the end of the third quarter of 2006, KBC TFI managed 23 investment funds:

- 5 open-end investment funds (KBC Pieniężny FIO, KBC Papierów Dłużnych FIO, KBC Obligacyjny FIO, KBC Stabilny FIO and KBC Aktywny FIO);
- 4 specialized open-end investment funds (ALFA SFIO, BETA SFIO, KBC GAMMA SFIO, KBC Portfel VIP SFIO);
- 1 closed-end investment fund investing in foreign investment funds denominated in US Dollars (KBC Dolar FIZ);
- 13 closed-end capital guaranteed funds (KB Kapitał Plus FIZ, KB Kapitał Plus II FIZ, KB Kapitał Plus III FIZ, KB Klik Europa FIZ, KB Klik Ameryka FIZ, KBC Złoty Dolar FIZ i KBC Elita FIZ, KBC Indeks Nieruchomości, KBC Byki i Niedźwiedzie, KBC Klik Plus FIZ KBC ELITA II FIZ, KBC PLUS FIZ, KBC Index Światowych Nieruchomości FIZ);

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

On 8 August 2006, the Bank redeemed banking securities of the total value of PLN 400 million, issued by the Bank, under the programmes of the issue of registered perpetual securities, on 23 December 2003 (Tranche I – PLN 330 million) and on 28 July 2004 (Tranche II – PLN 70 million).

The redemption of the registered perpetual securities by Kredyt Bank S.A. will contribute to the decrease in the Bank's long-term financing costs.

In the three quarters of 2005, entities from KB S.A. Group did not issue, redeem or repay any debt or equity securities.

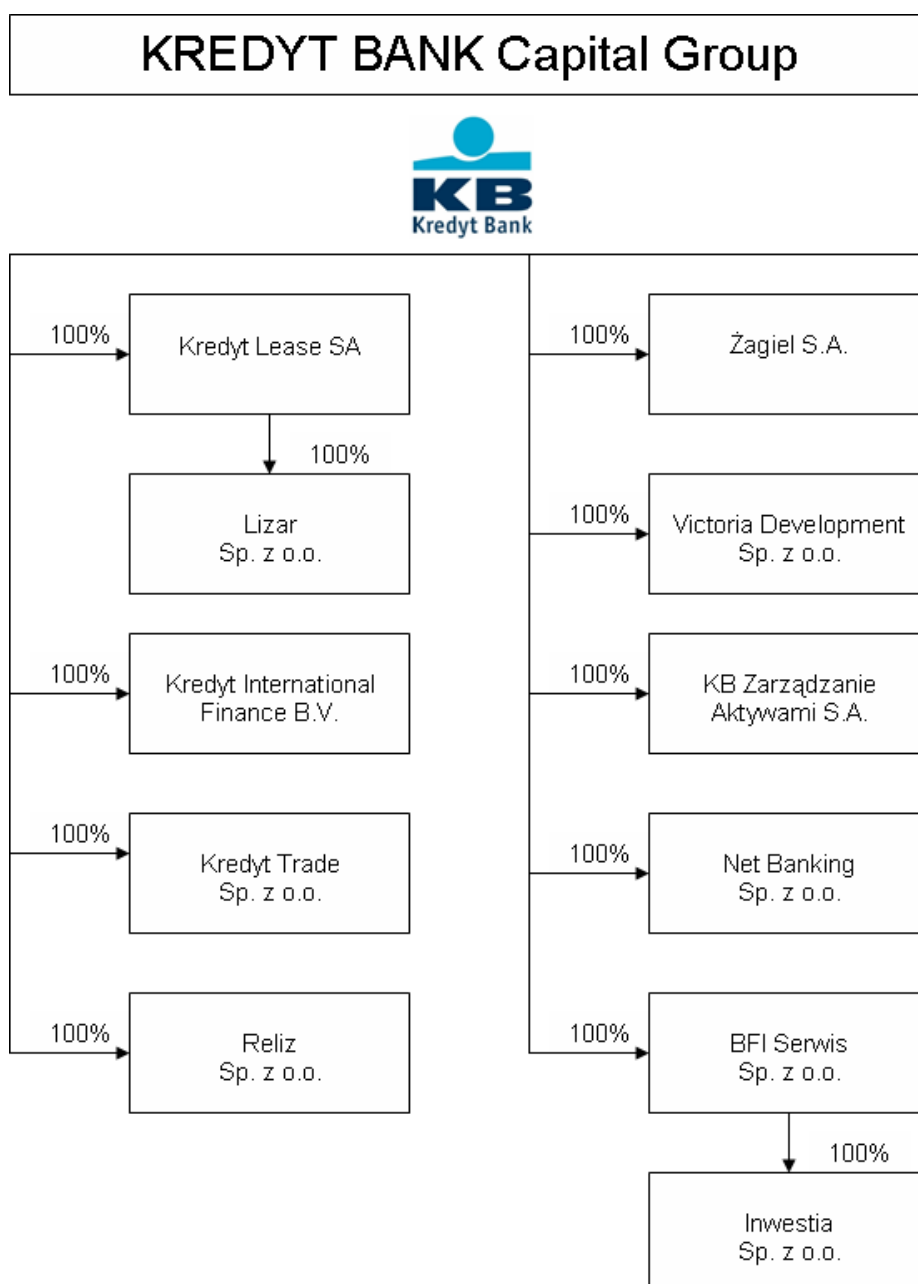
3. Information on dividend

On 31.05.2006, the General Meeting of Shareholders of the Bank passed a resolution to pay dividend for the financial year 2005 in the gross amount of PLN 0.22 per share. The total amount of the dividend was equal to PLN 59 764 953.60 and 271 658 880 A to W shares of Kredyt Bank S.A. are participating shares. The dividend was paid as on 18.07.2006.

4. 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 nature of the relationship, are strengthened by business relations, contracts, 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 at 30.09.2006.



As at 30.09.2006 the following companies were consolidated with the full method: Kredyt Lease S.A., Kredyt International Finance B.V, Kredyt Trade Sp. z o. o., Żagiel S.A. and Victoria Development Sp. z o. o. and Reliz Sp. z o.o.

As compared to the situation as of 30.06.2006, the Group was expanded with Reliz Sp. z o.o. Under the agreement of 26.07.2006, the Bank acquired, from DOM JMJ Sp. z o.o., 40 shares in Reliz Sp. z o.o. with the nominal value of PLN 625 each. The acquired shares account for 100% of the share capital and of the votes in the company's General Meeting of Shareholders.

As regards the decision on the merger of three companies of Kredyt Bank Capital Group, i.e. Kredyt Trade Sp. z o.o., KB Zarządzanie Aktywami S.A. and Victoria Development Sp. z o.o., on 27.02.2006, the companies' merger plan was submitted to the District Court in Warsaw. On 31.07.2006, on the General Meetings of Shareholders of these companies merger resolutions were passed. At present, the companies are waiting for legal decision of the District Court on the registration of the merger and of an increase in the share capital of Kredyt Trade, and on deleting Victoria Development Sp. z o.o. and KB Zarządzanie Aktywami S.A. from the National Court Register.

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., KB Zarządzanie Aktywami S.A., Net Banking Sp. z o.o., BFI Serwis Sp. z o.o., Inwestia Sp. z o.o.

Stock and shares held by the Group in the above-mentioned companies are classified as assets available-for-sale and recognised at cost less impairment.

5. Description of significant accounting principles and accounting estimates and comparable data

In the third quarter of 2006, the Group did not introduce any material changes in the applied accounting principles and methods of performing accounting estimates as compared to the principles and methods described in the Group's published consolidated financial statements as of 31.06.2006.

Preparation of financial statements under IAS/IFRS requires a professional judgment of the Bank's Management Board on the adopted accounting principles and accounting estimates applied with respect to balance sheet items and income statement items. Estimates refer to uncertain future events and are performed basing on historical data and a number of assumptions based on the facts available at the time, resulting from internal and external conditions. The actual results of future business operations may differ from the current accounting estimates. Therefore, accounting estimates are verified on a regular basis. Changes in estimates are recognised in the financial statement in the period they were introduced.

The most important accounting estimates prepared for the purpose of this financial statement refer to:

- measurement of financial assets and liabilities at amortized cost, with the application of the effective interest rate method;

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

5.1. Measurement of financial assets and liabilities at amortized cost, with the application of the effective interest rate method

Since 01.01.2005, as a result of adopting the method of measuring financial assets and liabilities at amortized 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.

Effective interest rate method

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 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 may not be determined reliably.

The above method is not applied to measure receivables, when the dates and amounts of cash flows are not specified, what excludes a possibility of calculating the effective interest rate.

Recognition of the measurement in the income statement

The purpose of the measurement at amortized cost with the use of the effective interest rate is to ensure that income and expenses related to the measured financial assets and liabilities are matched over the entire period when they are held in the portfolio, and, at the same time, to accomplish the constant rate of return on assets portfolio financed with the defined deposits portfolio.

Pursuant to IAS 39, the settlement of commissions/fees and certain external expenses connected with financial instruments (with the use of the effective interest rate method or on a straight-line basis) depends on a type 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.

However, the way of recognizing particular types of commissions/fees settled over time in the income statement as interest income or commission income, and the general necessity for their settlement over time, and not the possibility of their one-off disclosure in the income statement, depends on the economic nature of a given commission/fee.

The commissions/fees settled over time include, for instance, fees for approval of a loan application, commissions for granting a credit, commissions for releasing cash under loans, fees for establishing additional collateral, etc. Such commissions and fees constitute an integral part of the return generated by a specific financial instrument. This category also includes fees and expenses connected with changes of contractual terms, what modifies the value of the originally calculated 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.

Furthermore, if the conclusion of the defined loan agreements is probable, fees related to the Bank's commitment to conclude them are deemed as remuneration for permanent commitment in the acquisition of the financial instrument; they are deferred and recognised as an adjustment to the effective return at the time of concluding a given agreement (with the method of the effective interest rate or on a straight-line basis, depending on a type of a product).

Interest income/expense

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

In the event of loans for which individual evidence for impairment was identified, interest is recognised into the income statement based on the probability of their payment.

5.2. Impairment of assets measured at amortized cost

Loan receivables constitute the most important portion of financial assets recognised in the Group's balance sheet at amortized cost. On 01.01.2005 the Group implemented the principles of measuring impairment of loan receivables in accordance with IAS 39.

According to IAS 39, all loans are subject to an impairment testing, not only receivables that bear increased credit risk. If the Group identifies premises that indicate the impairment, the impairment is calculated as difference between the book value of loan receivable and its economic value measured as the present value of the expected future cash flows.

The methodology of evaluating the circumstances indicating the impairment of loans has been elaborated in cooperation with the Bank's Main Shareholder on the basis of the Group's experience acquired in the banking services sector, analysing historical data over on a long-term basis and taking into account the current specific character of the local market and the features of the financial assets portfolios managed by the Group.

Impairment triggers

Analysis of impairment triggers is performed for individual loans as well as portfolios (groups) of loans.

The catalogue of objective triggers includes quantitative and qualitative data in static and dynamic terms, in relation to both elements of exposure servicing by the borrower as well as the borrower's financial and economic situation, the management and control processes, market and macro-economic environment, what is reflected in the possibility of generating financial resources necessary to cover the indebtedness.

The list of triggers determines the level of their materiality: impairment may be evidenced by one circumstance or a combination of circumstances.

In the case of receivables portfolios, the events concerning the whole population of homogenous assets that may be identified, assessed and quantified in relation to the entire portfolios, but not the individual receivables, are the triggers indicating the impairment.

Measurement of individual impairment

Measurement of individual impairment is performed for all loan receivables for which some individual triggers indicating the impairment were identified.

A process of estimating future, expected cash flows is carried out in a specially dedicated IT tool. An economic value of the receivables secured with collateral is estimated taking into account the recoverable amount of such collateral. In the case of those receivables for which the debt recovery value of collateral is the only expected future cash flow, a group estimation of a possibility of recovering the collateral is prepared. The Bank gathers knowledge about the quality of collateral portfolio in a form of statistical data updated on a regular basis, referring to the historical effectiveness of debt recovery as well as the present market value of particular types of collateral, adjusted with the costs of their collection.

The quality of the measurement process for individual impairment of loan receivables is verified by a multi-stage independent control.

Measurement of portfolio impairment

In the situation where no objective triggers indicating the loss in a loan value assessed on individual basis has occurred, regardless of whether it constitutes a material reporting item or not, such exposure is included in the loans portfolio of similar features, and the portfolio impairment analysis is conducted.

Homogenous loans portfolios are grouped 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 the similar assets portfolios. Historical trends for losses are cleared of single events and are updated with a current risk profile of homogenous groups of assets. Thus, the systematic risk of portfolios is identified, which will be transformed into individual losses with specific probability.

The process of estimating portfolio provision is performed on a quarterly basis and is directly monitored by the Bank's Credit Committee and the Bank's Management Board. The following triggers, apart from historical trends, exert a significant impact on the level of the portfolio provision:

- a) fluctuations in the loan portfolios;
- b) the Group's operating effectiveness of the credit risk management processes, particularly taking into account the restructuring and debt recovery activities;
- c) Poland's macroeconomic situation and its direct impact on the key ratios applied in the banking sector;
- d) the Group's credit policy in relation to selected sectors of economy as well as receivables portfolios against models adopted by other banks.

5.3. Financial assets at fair value through profit or loss

From 01.01.2005, the Group introduced, in accordance with IAS 39, and instead of the 'assets held for trading' category, a broader term, i.e.: 'financial assets at fair value through profit or loss'.

The following is included in the category of 'financial assets at fair value through profit or loss':

- a) financial assets designated, upon their initial recognition, as at fair value through profit or loss, or
- b) financial assets classified as held for trading, if they meet the following conditions:
 - are acquired or contracted for the purpose of selling or repurchasing them in the near term;
 - constitute a portion of the portfolio of specific financial instruments managed jointly, for which there exists the confirmation of actual formula of generating short-term profits, or
 - are derivative instruments (except for derivatives that are designated and effective hedging instruments).

Financial assets and liabilities at fair value through profit or loss are recognised at fair value in the balance sheet beginning from the date of the transaction. The fair value is determined on the basis of quotations on active markets, including the prices of recent transactions and generally accepted valuation models based on variables that can be observed in the market environment.

In the case of financial assets and liabilities recognised in the balance sheet at fair value, for which no active market is identified, the measurement is performed on the basis of generally accepted valuation models based on variables that can be observed in the market environment. Certain variables, e.g. future interest rates, volatility parameters, correlations, obviously must be professionally assessed.

The models and variables are verified independently on a regular basis. A change in adopted models or variables in these models might affect accounting estimates related to measurement.

5.4. Hedge accounting

Hedge accounting recognises effects of compensation of changes in fair value of the hedging instrument and the hedged item influencing the income statement. According to adopted hedge accounting principles, the Group designates certain derivatives to hedge fair value of particular assets, on condition that the criteria provided for in IAS 39 are met. The Group applies hedge accounting to hedging relationship, when all the following criteria are met:

- at the inception of the hedge, hedging relationship and the Group's risk management objective and strategy have been formally designated and documented. The documentation identifies the hedging instrument, the hedged item or transaction and the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in fair value of a hedged item or cash flows attributable to the hedged risk,
- hedging is expected to be highly effective in achieving offsetting changes in fair value (or cash flows) attributable to the hedged risk, in accordance with initially documented risk management strategy related to a specific hedging relationship,
- hedge effectiveness can be assessed reliably, i.e. fair value or cash flows related to a hedged item, resulting from the risk hedged, and fair value of a hedging instrument can be reliably measured,
- hedge is assessed on an ongoing basis and is found highly effective in all reporting periods for which the hedge was designated.

If a fair value hedge meets the conditions of hedge accounting during the period, is recognised by the Group as follows:

- gains or losses resulting from the revaluation of fair value of a hedging derivative are recognised 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. This rule applies to a hedged item which, in other circumstances, is measured at cost. When the hedged item is an available-for-sale financial asset, gains or losses resulting from the hedged risk are recognised in the income statement.

The Group recognises the hedging of future cash flows, which meet hedge accounting conditions, as follows:

- portion of gains or losses on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity through the statement of changes in shareholders' equity;
- ineffective portion of the gains or losses on the hedging instrument is recognised directly in the income statement.

The Group discontinues applying the hedge accounting rules if a hedging instrument expires or is sold, terminated or exercised, hedging no longer meets the criteria for hedge accounting or the Group revokes the hedging designation.

In the case of a hedging instrument which in other circumstances would be recognised at amortized cost, an adjustment of the carrying amount resulting from application of the hedge accounting is amortized to income statement. The depreciation starts when the hedging relations stop to be identified, i.e. when a hedged item stops to be adjusted with changes in the fair value resulting from the hedged risk. An adjustment is settled with an effective interest rate calculated as on the date of starting the depreciation.

In the case of a hedged instrument being an available-for-sale asset measured at fair value, the whole change of the fair value from the time of ceasing to identify the heading relationship is recognised in the revaluation reserve according to the generally adopted rule.

As at 30.09.2006 the book value of the hedged item and of the hedging item and the amounts of their revaluation at fair value are not material for the financial statements.

5.5. Deferred tax assets

The Bank, as of 30.06.2005, due to its improving financial result, decided to begin prudently recognising a surplus of the deferred tax asset over deferred tax liability in the value that is probable to be tax-deductible in the future. The accounting policy adopted by the Bank stipulates in this respect that at the end of each period of 6 months, the Bank recognises the surplus of the deferred tax asset over deferred tax liability in the value of the probable future realisation amount within the nearest 2 years. 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 6 months' period.

5.6. 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 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.

5.7. Comparable data

As far as comparable data included in this financial report are concerned, presentation changes occurred against the data presented in the consolidated financial report of the Capital Group of Kredyt Bank S.A. prepared for the third quarter of 2005. The changes were aimed at adjusting a format of the

balance sheet, income statement, statement of changes in equity and cash flow statement presented in interim consolidated financial statements of the Group to a format applied as at 31.12.2005.

Furthermore, with respect to comparable data for the third quarter of 2005, the balance-sheet total was diminished as a result of recognition of net deferred tax assets and liabilities. In the individual income statement, there was performed a set-off of fee and commission income and expense without an impact upon the financial result.

Table 1: Significant reclassifications in the consolidated financial statement against the data published for the third quarter of f 2005

Balance sheet	Published data	Changes	Comparable data
	30.09.2005 end of 3rd quarter of 2005		30.09.2005 end of 3rd quarter of 2005
<i>in PLN '000</i>			
Assets			
Financial assets (*)	9 857 544	0	9 857 544
Gross loans and advances to customers	12 708 713	0	12 708 713
Allowances for impairment losses of loans and advances	-2 808 913	0	-2 808 913
Equity investments classified as available-for-sale (**)	44 650	0	44 650
Other assets (***)	741 467	0	741 467
Deferred tax assets	292 996	-205 592	87 404
Total assets	20 836 457	-205 592	20 630 865
	30.09.2005 end of 3rd quarter of 2005	Changes	30.09.2005 end of 3rd quarter of 2005
<i>in PLN '000</i>			
Liabilities			
Financial liabilities (****)	18 059 492	0	18 059 492
Income tax	1 625	0	1 625
Other liabilities and provisions	966 029	0	966 029
Deferred tax liabilities	206 473	-205 592	881
Total liabilities	19 233 619	-205 592	19 028 027
Shareholders' equity	1 602 838	0	1 602 838
Total liabilities and equity	20 836 457	-205 592	20 630 865

(*) – the item contains: cash and balances with Central Bank; gross amounts due from banks; assets held for trading, available-for-sale and held-to-maturity;

(**) – the item contains also stock or shares in associates measured with the equity method;

(***) – the item contains: property, plants and equipment, intangible assets, goodwill of subsidiaries, other assets;

(****) – the item contains: amounts due to banks and customers; financial liabilities held for trading, debt securities issued; securities sold under repurchase agreements; subordinated liabilities.

Table 2: Significant reclassifications in the separate statement against the data published for the third quarter of 2005

Income statement	Published data	Changes	Comparable data
	Three quarters of 2005 01.01.2005 - 30.09.2005		Three quarters of 2005 01.01.2005 - 30.09.2005
<i>in PLN '000</i>			
Interest income	491 168	0	491 168
Fee and commission income	241 723	-56 398	185 325
Fee and commission expense	-70 073	56 398	-13 675
Net fee and commission income	171 650	0	171 650
Other operating income	40 480	0	40 480
General and administrative expenses	-592 734	0	-592 734
Net impairment charges for financial assets, other assets and provisions	55 024	0	55 024
Other operating expenses	-36 325	0	-36 325
Profit before tax	237 448	0	237 448
Net profit (loss) from discontinued operations	974	0	974
Net profit	319 394	0	319 394

Balance sheet	Published data	Changes	Comparable data
	30.09.2005 end of 3 rd quarter of 2005		30.09.2005 end of 3 rd quarter of 2005
<i>in PLN '000</i>			
Assets			
Financial assets (*)	9 820 458	0	9 820 458
Gross loans and advances to customers	12 616 755	0	12 616 755
Allowances for impairment losses of loans and advances	-2 546 152	0	-2 546 152
Equity investments classified as available-for-sale	123 878	0	123 878
Other assets (**)	624 848	0	624 848
Deferred tax assets	270 165	-195 673	74 492
Total assets	20 909 952	-195 673	20 714 279

<i>in PLN '000</i>	30.09.2005 end of 3 rd quarter of 2005	Changes	30.09.2005 end of 3 rd quarter of 2005
Liabilities			
Financial liabilities (***)	18 711 187	0	18 711 187
Other liabilities and provisions	422 772	0	422 772
Deferred tax liabilities	195 673	-195 673	0
Total liabilities	19 329 632	-195 673	19 133 959
Shareholders' equity	1 580 320	0	1 580 320
Total liabilities and equity	20 909 952	-195 673	20 714 279

(*) – the item contains: cash and balances with Central Bank; gross amounts due from banks; assets held for trading, available-for-sale and held-to-maturity assets;

(**) – the item contains: property, plants and equipment, intangible assets, other assets;

(***) – the item contains: amounts due to banks and customers; held-for-trading financial liabilities, debt securities issued; securities sold under repurchase agreements; subordinated liabilities;

6. Information on major post-balance sheet events

On 02.10.2006, 2786 registered F shares of Kredyt Bank S.A. (PLKRDTB00029) were converted into bearer shares.

On 03.10.2006, the said shares were floated on the primary market of the Warsaw Stock Exchange, in an ordinary procedure, and the said shares were assimilated with the shares traded on the stock exchange marked PLKRDTB00011.

On 02.10.2006, 4162 registered P shares of Kredyt Bank S.A. (PLKRDTB00094) were converted into bearer shares.

On 19.10.2006, 4162 bearer shares of Kredyt Bank S.A. (PLKRDTB00151) were assimilated with 271,586,658 shares (PLKRDTB00011). The assimilated shares were assigned the following symbol: PLKRDTB00011.

On 19.10.2006, the said shares were floated on the primary market of the Warsaw Stock Exchange, in an ordinary procedure.

7. Change in contingent liabilities

<i>In PLN '000</i>	30.09.2006	30.06.2006	31.12.2005	30.09.2005
Off-balance sheet contingent liabilities granted and received	5 409 301	5 292 223	4 089 190	4 480 915
Liabilities granted:	5 013 020	4 847 394	3 577 985	3 320 681
- financial	3 601 446	3 662 196	2 451 828	2 345 850
- guarantees	1 411 574	1 185 198	1 126 157	974 831
Liabilities received:	396 281	444 829	511 205	1 160 234
- financial	70 867	61 917	11 831	650 181
- guarantees	325 414	382 912	499 374	510 053
Liabilities related to the sale/purchase transactions	116 462 237	111 255 861	79 905 636	90 912 757
Other items	3 010 748	3 088 994	3 057 287	3 216 039
- received securities and guarantees	3 010 743	3 088 989	3 057 191	3 215 943
- other items	5	5	96	96
Total	124 882 286	119 637 078	87 052 113	98 609 711

The changes that occurred in the third quarter of 2006 regarding off-balance sheet items, presented in a table above, resulted from the Group's current operations.

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

In comparison with the information presented as of 30.06.2006 in the interim consolidated financial report of the Group, the Bank's share capital has not changed.

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 30.09.2006 and as at the publication date of this financial statement is presented in the table below.

Shareholder	Scope of activity	Number of shares and votes at GSM	Participation in votes and in share capital (in %)
KBC Bank N.V.*	Banking	217 327 103	80,00
Sofia S.A.	Investment company	15 014 772	5.53

*/ by the Resolution of the Commission for Banking Supervision No. 81/KNB/01 dated 17.09.2001 KBC Bank NV has the right to exercise no more than 75% of votes at the General Meeting of Shareholders of Kredyt Bank S.A.

9. 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. 26.10.2006, in comparison with the information as of the date of publication of the annual consolidated financial report, no changes occurred in the ownership of the Bank's shares as well as shares in the 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 affiliates	
	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

10. Information on proceedings before courts or public administration authority

In the third quarter of 2006 the Bank was not a party to any proceedings before court or public administration authority, where the amount claimed would be equal to at least 10% of the Bank's shareholders' equity.

Those proceedings before courts, where the individual amounts claimed are the highest, are presented below.

10.1. The proceedings, in which the Bank is a plaintiff

Since the outcome of a litigation against Inspektorat Towarzystwa Salezjańskiego in Wrocław (Salesian Society Inspectorate) was disadvantageous for the Bank, where Inspektorat Towarzystwa Salezjańskiego was the guarantor of repayment of loans granted to four entities by the Bank over the period February – August 2001: St. Jan Bosko's Roman-Catholic Parish in Lublin, St. Jack's Roman Catholic Parish and two Monastic Houses of the Salesian Society in Lublin, the Bank is suing currently the church institutions by the reason of groundless enrichment for a total amount of PLN 14 567 292.83 with a possibility of extending a complaint. The initial hearings have already been held. The defendant institutions filed their responses to the suits, where they appealed to entirely dismiss the complaints. Witnesses were examined in this case. Upon the Bank's request, accounting experts' reports were prepared to determine whether the resources under lombard loans were

transferred to the accounts of the parishes and the monastic houses and how the resources placed on such accounts were used.

10.2. The proceedings in which the Bank is a defendant

The highest amounts were claimed in the cases specified below:

- Three court proceedings related to loan granted to Laboratorium Frakcjonowania Osocza Sp. z o.o. in Mielec (LFO). The Bank is a leasing bank in the syndicate of five banks, which on the basis of an agreement of 4.03.1997 granted a syndicate credit to Laboratorium Frakcjonowania Osocza Sp. z o.o. in Mielec. The credit was secured by, among others, a registered pledge on the company's fixed assets and by a guarantee of State Treasury up to 60% of the used credit amount and interest on the used credit amount. As the assumptions of the investment project, being the basis for the loan granted, are not carried out and the due dates of payments have not been met, the Bank acting in the name of the banks' syndicate terminated the agreement in accordance with its terms and demanded payment of the receivables from LFO Sp. z o.o. As at 30.06.2003 the Bank's share in the syndicate amounted to PLN 12.4 million. The proceeding concerning execution by the Bank of the collateral defined by provisions of the credit agreement turned to be ineffective. Therefore, on 28.03.2003 the Bank, on behalf of the banks' syndicate, addressed a demand for payment of the amount of USD 12.7 million constituting 60% of the credit amount used and USD 1.6 million of interest to the Finance Minister representing the State Treasury. In his letter of 1.07.2003, the Finance Minister refused to meet the guarantee commitments until the court verifies LFO's claim. Banks – participants of the syndicate approached the court in order to concede the enforceability clause to the banking executory title (BET) issued on 01.12.2004 against the State Treasury. On 23.05.2006 the enforceability clause of BET was delivered to the Bank.
- The Finance Minister, in the name of the State Treasury, ordered to determine that the syndicate credit agreement concluded between LFO and the syndicate of five banks expired on 28.02.1998 by the reason of fulfilment of a condition specified in the agreement, i.e. a failure to deliver defined documents, and thus expired the obligation of the State Treasury being the guarantor of this credit on the basis of surety agreement concluded on 01.07.1997 between the Bank, acting in the name of the banks' syndicate, and the State Treasury. On 02.01.2006 the Bank filed a response to the suit applying to dismiss a complaint. Additionally, (in the face of possible termination) a statement of counter-claim for payment was filed by the five banks against the State Treasury. In the light of the decision on the case to concede the enforceability clause to the banking executory title issued against the State Treasury, the Bank filed a motion to reverse the suit of the State Treasury due to a lack of legal interest of the plaintiff. The Bank also applied for discontinuance of the proceedings concerning the Bank's counter-claim due to the fact that the proceedings became groundless. At present, the State Treasury will be represented by Prokuratoria Generalna Skarbu Państwa (the Office of the General Prosecutor of the State Treasury). The Office will probably try to prove that the loan agreement is null and

void, and the amounts collected by the Bank in a debt recovery procedure are due performances.

- Plaintiff: Laboratorium Frakcjonowania Osocza Sp. z o.o. (LFO) is claiming for a compensation equal to PLN 119 477 thousand due to the termination of a loan agreement. The complaint was filed on 18.06.2003. The Bank is of the view that LFO's claims are lacking any actual and legal grounds. On 16.03.2005 LFO's suit was rejected by the court's ruling. On 04.05.2005 LFO appealed against the said ruling. On 12.08.2005 the court dismissed LFO complaint against the dismissal of the suit. On 21.12.2005 the plaintiff's cassation complaint was delivered. The Bank filed a response to the suit applying to dismiss the cassation complaint. On 17.05.2006 at its proceedings in camera, the Supreme Court reversed the ruling of the Court of Appeal and the ruling of the District Court to dismiss the suit of LFO claiming for compensation from the Bank. The Bank filed a motion to deliver the decision of the Supreme Court including reasons for the decision. The case is now pending in the Circuit Court in Warsaw. The trial date has not been set. On 26 June 2006, the bankruptcy of Laboratorium Frakcjonowania Osocza Sp. z o.o. was declared. The court received a debtor's appeal against the decision on the declaration of bankruptcy.

- Plaintiff: Laboratorium Frakcjonowania Osocza Sp. z o.o. LFO claimed to deprive the executory title of the enforceability clause. The suit was filed on 06.01.2005. The disputed amount amounts to PLN 102 154 thousand (totally for all syndicate members, while the Bank's portion amounts to PLN 6 787 thousand). The court appointed an expert, who checked the correctness of calculating the amounts that were specified in the banking executory title issued by the Bank in favour of all participants of the banking syndicate. The expert charged the Bank with the incorrectness in calculating the amount of indebtedness. The Bank provided its explanation and questioned the expert's opinion. At the hearing dated 18.01.2006 the court closed the trial. The ruling was announced on 31.01.2006. The banking executory title was partially deprived of the enforceability clause, amounting to PLN 252 377.13. Simultaneously the court maintained the banking executory title in the amount of PLN 101 901 864.67. The Plaintiff lodged an appeal from the judgement. On 25.05.2006 the Court of Appeal dismissed the plaintiff's appeal from the ruling of the District Court on deprivation of the BET of the enforceability clause. On 6 September 2006, the trustee in bankruptcy of Laboratorium Frakcjonowania Osocza Sp. z o.o. appealed to the Supreme Court.

- Plaintiff: the receiver in bankruptcy of a company active in developer's sector (as applied for, the name of this company is confidential) claiming to award the amount of PLN 32 256 thousand by the reason of executing by the Bank financial transfers from the company's account on the basis of bank transfer orders and cheques bearing a forged signature of one of the persons authorised to represent the company towards the Bank. The suit was filed on 06.02.2004. On 13.01.2005 the court suspended the proceedings until a penal proceeding is over. On 20.09.2005, by the court's ruling, the civil proceedings were initiated in connection with the sentence in a criminal case pertaining to the forgery of

signatures on cheques. The next hearing was set on 13.09.2006. The case was adjourned by 21 November 2006, due to the absence of the main witness who had forged the documents.

- A lawsuit by MSG Investment Sp. z o.o. w likwidacji (in liquidation). The debtor claims that, as a result of debt recovery activities, they suffered a loss of PLN 25 million (no calculations are presented in the suit). They pressed the following charges against the Bank:
 - no reduction of a loan by the value of the property whose ownership title was transferred. The Bank called PHZ MARBEL Sp. z o.o. (not a borrower) to release the property to the bank prior to the loan agreement termination. The property, to this date, has not been released to the Bank by the entity acquiring the ownership title.
 - that, as a result of the proceedings to secure claims initiated by the Bank, the movables of MSG Investment Sp. z o.o. were seized, and, in consequence, the debtor had to close his PIZZA HUT restaurants and lost his right to use PIZZA HUT trademark.

On 14.09.2006, the Bank responded to the lawsuit.

- A lawsuit filed by the Receiver of Mars S.A. in bankruptcy proceedings, with the possibility of entering into a composition agreement with creditors. The receiver demands from Żagiel S.A. the return of amounts due amounting to PLN 5,543,827.16 deducted by Żagiel S.A. after 04.11.2005, i.e. the date of declaring the bankruptcy of Mars S.A.
- In relation to a loan facility transaction, concerning the financing of the construction of Altus building in Katowice, KB and Reliz Sp. z o.o. are parties to certain legal disputes. These disputes result from claims, unjustified in the Bank's opinion, asserted by the guarantor of the loan granted to finance the building, i.e. Mostostal Zabrze Holding S.A., against the Bank and the building owner. The said disputes are examined by independent courts and, in the bank's view, will be resolved to the advantage of the Bank and of the building owner.

The Bank's Management Board is of the view that any risks connected with the proceedings before courts or public administration bodies are properly secured by the provisions created in the Group's balance sheet.

11. Significant transactions with related parties not stemming from current operating activity

In the third quarter of 2006 no significant transactions were concluded with the related parties, total value of which from the beginning of the financial year equal to or exceeding the PLN equivalent of EURO 500 thousand, and the nature and terms of which did not stem from the current operating activity.

12. Information on issued guarantees or sureties by the Bank or its subsidiary

As of 30.09.2006 the Bank granted guarantees in favour of one company and its subsidiaries of total value accounting for at least 10% of the Bank's equity. The total amounts of these guarantees were equal to PLN 238 037 thousand. As of 30.09.2006 their average maturities were a year and ten months.

As of 30.09.2005 the Bank granted guarantees in favour of one company and its subsidiaries of total value accounting for at least 10% of the Bank's equity. The total amounts of these guarantees were equal to PLN 210 469 thousand. As of 30.09.2006 their average maturities were two years and ten months.

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

13. Other information, which, in the issuer's opinion, is material for the assessment of its personnel or financial situation, its assets, financial results and their changes and information material for the assessment of the potential fulfilment of the issuer's commitments

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

14. Position of the Management Board with regard to a possible earlier realization of a published forecast of financial results.

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

15. Factors which will exert an impact on the result within the next quarter

The Bank's Management Board is of the view that any events other than those resulting from the current activities of the Bank and the Group's subsidiaries will not exert an impact on the result in the fourth quarter of 2006.

Signatures of all Management Board Members

date 26.10.2006	Ronald Richardson	President of the Management Board
date 26.10.2006	Umberto Arts	Deputy President of the Management Board
date 26.10.2006	Krzysztof Kokot	Deputy President of the Management Board
date 26.10.2006	Konrad Kozik	Deputy President of the Management Board
date 26.10.2006	Bohdan Mierzwiński	Deputy President of the Management Board