THE SECURITIES AND EXCHANGE COMMISSION

Consolidated fourth quarter report QSr 2005

(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 fourth quarter of the financial year 2005 comprising the period from 2005-10-01 to 2005-12-31 containing 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: 2006-02-16

KREDYT BANK S.A.
(issuer's full name)

KREDYTB (issuer's abbreviated name) | Finance, Banks (sector according to the classification of the Warsaw Stock Exchange)

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SELECTED FINANCIAL DATA	In PLN thousand		In EURO thousand	
	4 quarter(s) increasingly /2005 - a period from 2005-01-01 to 2005-12-31	4 quarter(s) increasingly /2004 – a period from 2004-01-01 to .2004-12-31	4 quarter(s) increasingly /2005 – a period from 2005-01-01 to 2005-12-31	4 quarter(s) increasingly /2004 – a period from 2004-01-01 to 2004-12-31
Figures from the abbreviated, consolidated financial statement				
I. Net interest	753 447	633 927	187 271	140 305
II. Net commissions and fees	314 890	513 641	78 267	113 683
III. Result on operating activity	320 121	178 773	79 567	39 567
IV. Gross profit (loss)	321 368	178 774	79 877	39 568
V. Net profit for the Bank's shareholders	415 878	156 840	103 367	34 713
VI. Minority shares in net profit	0	1 902	0	421
VII. Total net cash flows	-1 695 108	1 828 026	-421 323	404 592
VIII. Total assets	20 962 016	21 021 346	5 430 855	5 153 554
IX. Liabilities due to banks	2 562 167	3 007 090	663 808	737 213
X. Liabilities due to customers	14 533 624	14 061 105	3 765 383	3 447 194
XI. Equity	1 681 595	1 517 088	435 669	371 926
XII. Share capital	1 358 294	1 358 294	351 908	332 997
XIII. Number of shares	271 658 880	271 658 880		
XIV. Book value per 1 share (in PLN / EURO)	6,19	5,58	1,54	1,24
XV. Capital adequacy ratio	16,37	14,72		
XVI. Profit (loss) per 1 ordinary share (in PLN / EURO)	1,53	0,64	0,38	0,14

Figures from the abbreviated, financial statement

SELECTED FINANCIAL DATA	In PLN thousand		In EURO thousand	
	4 quarter(s) increasingly /2005 - a period from 2005-01-01 to 2005-12-31	4 quarter(s) increasingly /2004 – a period from 2004-01-01 to .2004-12-31	4 quarter(s) increasingly /2005 – a period from 2005-01-01 to 2005-12-31	4 quarter(s) increasingly /2004 – a period from 2004-01-01 to 2004-12-31
XVII. Net interest	695 678	567 012	172 912	125 495
XVIII. Net commissions and fees	236 216	334 685	58 712	74 075
XIX. Result on operating activity	307 806	126 684	76 506	28 039
XX. Gross profit (loss)	307 806	126 684	76 506	28 039
XXI. Net profit (loss)	410 488	126 528	102 028	28 004
XXII. Total net cash flows	-1 673 258	1 915 164	-415 892	423 878
XXIII. Total assets	21 018 608	21 043 970	5 445 517	5 159 100
XXIV. Liabilities due to banks	2 562 167	1 125 115	663 808	275 831
XXV. Liabilities due to customers	14 592 699	16 021 358	3 780 688	3 927 766
XXVI. Equity	1 659 718	1 497 042	430 001	367 012
XXVII. Share capital	1 358 294	1 358 294	351 908	332 997
XXVIII. Number of shares	271 658 880	271 658 880		
XXIX. Book value per 1 share (in PLN / EURO)	6,11	5,51	1,58	1,35
XXX. Capital adequacy ratio	16,16	14,40		
XXXI. Profit (loss) per 1 ordinary share (in PLN/EURO)	1,51	0,52	0,38	0,12

This report should have been submitted to the Securities and Exchange Commission, Warsaw Stock Exchange as well as information agency in accordance with the legal regulations in force

Kredyt Bank

Interim Consolidated Financial Statement
of Kredyt Bank Capital Group
for the Fourth Quarter of 2005
according to
International Financial Reporting Standards

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Notes to the interim consolidated financial report of Kredyt Bank Capital Group for the fourth quarter of 2005

I. 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. ("Kredyt Bank", 'the Bank') have been prepared in accordance with IAS/IFRS.

The interim consolidated financial report for the fourth quarter of 2005 and the financial statements included in this report were prepared in line with the IAS/IFRS adopted by European Commission as at 31.12.2005. 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).

The first interim consolidated financial statements of Kredyt Bank S.A. Capital Group prepared in compliance with IAS/IFRS was the report for the first quarter of 2005 published on 16.05.2005.

The first full interim consolidated financial statements of Kredyt Bank S.A. Capital Group prepared in compliance with IAS/IFRS was the report for the fist six months of 2005 published on 16.09.2005.

II. The KB Capital Group's financial standing at the end of the fourth quarter of 2005

Net income of PLN 91 million generated by the KB Group in the fourth quarter of 2005 (PLN 416 million in cumulative terms for the four quarters of 2005) and the capital adequacy ratio of 16.37% are the evidence that the profound restructuring process of the Bank's and the KB Group's operation and the strengthening of the capital base with the capital support of KBC Bank N.V., became a reliable source of the KB Group's profit.

On 5.12.2005, Fitch Ratings upgraded the individual rating from D/E to D for Kredyt Bank. The other ratings remained unchanged, i. e.:

- long-term rating – "A"
- short-term rating – "F1"
- support rating – "1"

The perspective for long-term rating remains positive.

The agency justified the increase of individual rating with recovering profitability of the Bank, improving operational efficiency and enhanced internal management process. Moreover, the agency highlights, that short- and long-term ratings the financial support, that Bank has from the majority shareholder (KBC is rated “AA –“).

Financial result

The KB Capital Group’s net profit in the fourth quarter of 2005 amounted to PLN 90 664 thousand, while net profit generated in the fourth quarter of 2004 amounted to PLN 72 444 thousand (according to IFRS). The consolidated profit before tax in the fourth quarter of 2005 amounted to PLN 69 472 thousand, as compared to PLN 79 687 thousand in the fourth quarter of 2004 (according to IFRS).

According to interim consolidated financial report prepared under Polish Accounting Standards (PAS) and published for the fourth quarter of 2004, the net profit for fourth quarter amounted to PLN 40 369 thousand and gross profit to PLN 41 936 thousand.

In cumulative terms, the consolidated net profit for four quarters of 2005 amounted to PLN 415 878 thousand, as compared to PLN 156 840 thousand (in accordance with IFRS) in 2004.

Under PAS, the net profit for 2004 amounted to PLN 185 176 thousand.

Reconciliation of IFRS adjustments to equity and net result was presented in Chapter VI of this report.

The following factors contributed to the significant improvement of the financial result:

- growing business activeness as observed over the last months after the profound restructuring of processes had been implemented in the KB Capital Group;
- improvement of working assets quality;
- mitigation of credit risk supported by efficient restructuring and debt recovery activities;
- continuation of the effective cost management.

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

in PLN '000	**Four quarters of 2005**	**Fourth quarter of 2005**	**Four quarters of 2004**	**Fourth quarter of 2004**
Net interest income	753 447	213 880	633 927	139 437
Net fee and commission income	314 890	88 258	513 641	153 785
Net income from trading and investments	139 758	30 688	182 128	38 712
Profit from other operating income/expenses	11 238	4 734	51 731	22 370
Total income	**1 219 333**	**337 560**	**1 381 427**	**354 304**
General and administrative expenses	-890 825	-234 219	-1 055 175	-261 629
Net impairment charges for financial assets, other assets and provisions	-9 167	-33 837	-148 296	-13 289
Total expenses	**-899 992**	**-268 056**	**-1 203 471**	**-274 918**
Income tax expense	93 536	21 192	-20 032	-7 243
Net profit	**415 878**	**90 664**	**156 840**	**72 444**

*) 'Net income from trading and investments' is the aggregate of net FX result, valuation of financial assets classified as held for trading and measured at fair value in the profit and loss account, net income from the disposal of such assets and net income from the disposal of financial assets classified as held for sale.

Net interest income generated by the KB Group in 2005 amounted to PLN 753 447 thousand and exceeded net interest income generated in 2004 by 19%, as a result of, first of all, an increase of working assets share in total assets and changing structure of loan receivables portfolio with an increasing share of retail loans. Interests income includes also effect of efficient restructuring and debt recovery activities of problem loans.

Net fee and commission income amounted to PLN 314 890 thousand and was lower in comparison with net fee and commission income in 2004 by 39%. As compared to the third quarter of 2005, it increased by 7%. The lower cumulative net fee and commission income is a consequence of adopting by the KB Capital Group (from 01.01.2005 on) the effective interest rate methodology to measure the financial assets and liabilities recognized at amortized cost without the restatement of comparable data, what conforms to IFRS 1. The commissions received in cash are withdrawn from net fee and commission income and amortised into interest income using the effective interest rate of contracts. The most substantial portion of fees and commissions being amortised using the effective interest rate method refers to retail loans as well as long-term mortgage loans.

Net trading income and investments in the fourth quarter of 2005 amounted to PLN 30 688 thousand, which means a decrease by 20% in comparison with the fourth quarter of 2004.

It was mainly affected by the high reference base – in the year of 2004 Bank carried out a few profitable sale transactions of equity investments. The major one was sale of shares in Kredyt Bank Ukraina S.A., which resulted in gain of PLN 36 314 thousand. In 2005 KB Group was not involved in investment activities other than those concerning portfolio of debt securities managed in line with KB Group's assets and liabilities management policy.

In 2005 there was an increase in the net trading income resulting from the expanding scale of market operations in the environment of fluctuating FX rates. This position includes also interest income on swaps. As at 31.12.2005 net trading income amounted to PLN 143 812 thousand, as compared to PLN 138 611 thousand in 2004.

Profit from other operating income/expenses in 2005 was lower then result in 2004 due to high reference base. In 2004 KB Group sold to an external party rights to manage open pension fund (OFE) which resulted in profit of PLN 24 000 thousand. Moreover, KB Group sold a few buildings – profits on these transactions were recognized also in other operating income.

After four quarters of 2005, the consolidated operating expenses amounted to PLN 890 825 thousand and were down by 15,6% as compared to the four quarters of 2004. The main areas, in which the KB Group's savings were the most significant are as follows: exploitation of real estates, including lease costs; operation of IT and telecommunication systems and the selection of service providers, what was facilitated by centralized process of placing orders and active demand management. The expenses incurred in the fourth quarter of 2005 were affected by the costs of the advertising campaign for the Bank's new logo and the new product offer developed in co-operation with other entities from KBC Group operating on the Polish market, particularly with WARTA S.A.

Lower personnel expenses resulted from the implementation of the Bank's restructuring process and the changes resulting from this process in respect of the Bank's HR policy. Under the said policy, the main emphasis was placed on strengthening sales divisions, centralizing certain functions as well as optimizing employment in back office and support of business units. As a result of the actions taken, a share of sales force in total employment exceeds 70%. Additionally, the structure of personnel expenses changed. The smaller share of cash for payments of basic remuneration was compensated for by an increase in the share of bonuses for accomplishment of sales targets and other non-financial forms remunerating the employees.

Cost/income ratio (CIR) at the end of the fourth quarter of 2005 was equal to 73%, i.e. improved by 3 p.p. against the comparable quarter of the last year.

In the fourth quarter of 2005, net impairment charges for loan receivables and other assets amounted to PLN –33 837 thousand, as compared to PLN –13 289 thousand in the fourth quarter of 2004. After four quarters of 2005, the KB Capital Group recorded a negative impact of impairment charges on the income statement, which amounted to PLN –9 167 thousand. In the comparable period of the last year, the total charges amounted to PLN –148 296 thousand. The result is the effect of the systematically lowering level of credit risk in the KB Capital Group and the successful implementation of the restructuring program of non-performing receivables portfolio.

The continuous positive trend in the net operating income generated by the Bank indicates a high probability of settling tax losses carried from previous years and future realization of negative temporary differences, currently identified in income tax calculation. Therefore, as at 31.12.2005, the Bank recognized a surplus of deferred tax asset over deferred tax liability amounting to PLN 102 215 thousand, what denotes an increase by PLN 21 243 thousand as compared to the amount recognized in the Bank's financial statement as at 30.09.2005. This recognition directly affected the KB Group's net profit in the fourth quarter of 2005 and cumulative net profit for year 2005. Detailed information on the policy of recognizing deferred tax has been presented in Chapter V hereof in section 'The value of deferred tax assets'.

Explanation of adjustments to net profit for the fourth quarter of 2004 presented in IFRS comparable figures versus to net profit published under PAS for that period

According to the information presented in financial report published for the fourth quarter of the year 2004 and in Chapter V hereoft, Management Board of the Bank decided to expand accounting policy regarding amortization of fee and commission income earned on promotional interest-free installment loans on the whole class of promotional installment loans. In the result, commission income in the fourth quarter of 2004 decreased by PLN 50 554 thousand (according to PAS), while net profit decreased by PLN 44 994 thousand, whereof respectively PLN 33 379 thousand and PLN 29 956 thousand referred to three quarters of 2004. Due to that fact, the comparable IFRS figures presented in this report were adjusted in order to account for the above effect.

Furthermore, consistently with accounting policy described in Chapter V of this report, amortization of goodwill for the fourth quarter of 2004 amounting to PLN 4 006 thousand was reversed as well as profit of PLN 1 887 thousand resulting from equity method valuation of certain subordinated companies valuated in this way under PAS was reversed.

Assets and liabilities

A share of working assets in the balance sheet total remains at a high and stable level and has been growing both over the previous quarter and 12 months.

The portfolio of gross loans decreased in the fourth quarter of 2005 as a result of repayment of a few significant corporate credit exposures. Appreciation of the Polish zloty against other major currencies was a factor that also affected the loan portfolio in 2005. However, as presented in the sections on retail banking, this segment has been witnessing a steady growth in products sale.

As a result of the response to volatile conditions on the debt instruments market in the third and fourth quarter of 2005, the securities portfolio has been extended.

The Bank, over the last few months, has been recording a stable level of the total portfolio of customer deposits, whereas there is a dynamic increase in area of some products addressed to individual customers. A more detailed explanation is presented in the section on corporate and retail banking.

On 15.12.2005 Bank repaid investment loan granted upon agreement signed on 24.09.2004 with European Investment Bank (loan amounted to EUR 50 million).

Further improvement in the quality of loan receivables portfolio

The KB Group successfully continues the process of decreasing the balance of non-performing loans portfolio through efficient restructuring and debt recovery activities carried out on the basis of new organizational and procedural solutions implemented last year. In the fourth quarter of 2005, the gross balance of doubtful receivables dropped by over 9,7%, and by more than 18,4% over the past 12 months. As a result, the quality ratio of the KB Group’s gross receivables portfolio improved by 1.9 p.p over the last 12 months. Over the last 12 months, the Bank wrote-off loans of PLN 246 503 thousand.

The KB Group, managing the credit risk related to individual loan exposures as well as the loan portfolios, applies the imperative prudence principle. The coverage of non-performing loans with allowances for impairment losses over the last 12 months has increased by 9.9 p.p. and as of 31.12.2005 the value of the ratio was among the highest in the sector.

in PLN '000	31.12.2005	30.09.2005	31.12.2004
Gross loans and advances to customers * (without interest)	**12 226 390**	**12 649 569**	**14 066 472**
Performing loans	8 760 316	8 811 787	9 819 191
Non-performing loans	3 466 074	3 837 782	4 247 281
Interest	79 896	59 144	39 480
Total gross loan and advances to customers	**12 306 286**	**12 708 713**	**14 105 952**
Allowances for impairment losses, including:	2 604 206	2 808 913	2 740 428
non-performing loans	2 536 107	2 702 636	2 688 175
Total net loans and advances to customers	**9 702 080**	**9 899 800**	**11 365 524**
Non-performing loans to total gross loans	**28.3%**	**30.3%**	**30.2%**
Coverage of non-performing loans with allowances for impairment losses	**73.2%**	**70.4%**	**63.3%**

* excluding banks

Capital adequacy ratio

According to 127 article of Banking Act, own funds that are taken into account to calculate bank's capital adequacy ratio include net profit for current reporting period, calculated in compliance with valid accounting standards, in amount not higher than amount verified by an independent auditor. As of the publication date of this quarterly report, consolidated financial statements of KB Group as at 31.12.2005 was not audited. Therefore, in calculation of the ratio there was included net profit as at 30.06.2005 presented in the half-year financial statements to which the independent auditor issued review report published together with these financial statements.

Net profit by segments

The KB Group's operations are split into four primary business segments: corporate banking, retail banking, treasury and investments.

<u>Corporate Segment</u> performs transactions with large companies (with annual income exceeding PLN 6 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 to individual customers as well as Small and Medium-size Enterprises (SME), whose annual income does not exceed PLN 6 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 installment 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 units in investment funds managed by KBC TFI.

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.

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'. The Bank's administrative and operating expenses are not allocated internally to individual segments. For the purpose of this financial report, the expenses were allocated using such allocation keys as the structure of employment, usable area and auxiliary keys developed on the basis of the measurement of the commitment of particular business units in the operations of particular segments.

It must be noted here that, by analogy to the information contained in previous quarterly reports published in 2005, in 2004 the Bank underwent a deep restructuring process which resulted in substantial changes in the organization of segments operation.

Consolidated net profit in four quarters of 2005 – by business segments

in PLN '000

	Corporate Segment	Retail Segment	Treasury Segment	Investment Segment	Other	Exclusions	Total
1. Segment income (external)	583 782	907 689	492 761	84 358	92 038	-205 905	**1 954 723**
2. Segment income (internal)	194 090	497 409	531 186	0	14	-1 222 699	**0**
3. Total segment income	**777 872**	**1 405 098**	**1 023 947**	**84 358**	**92 052**	**-1 428 604**	1 954 723
4. Segment expenses (external)	-175 549	-444 695	-287 462	-64 987	-56 687	205 905	**-823 475**
4a. Allocated expenses	-141 563	-599 165	-31 714	-22 174	-6 370		**-800 986**
5. Segment expenses (internal)	-293 440	-228 312	-691 512	-9 435	0	1 222 699	**0**
6. Total segment expenses	**-610 552**	**-1 272 172**	**-1 010 688**	**-96 596**	**-63 057**	**1 428 604**	**-1 624 461**
7. Segment operating profit	**167 320**	**132 926**	**13 259**	**-12 238**	**28 995**	**0**	**330 262**
8. Net impairment changes for financial assets, other assets and provisions	**73 999**	**-56 426**	**0**	**-2 486**	**-24 254**		**-9 167**
9. Share of profit of associates				**1 247**			**1 247**
10. Segment result	**241 319**	**76 500**	**13 259**	**-13 477**	**4 741**	**0**	**322 342**
11. Income tax expense							**93 536**
12. Profit of minority shareholders							**0**
13. Net profit/loss	**241 319**	**76 500**	**13 259**	**-13 477**	**4 741**	**0**	**415 878**

Consolidated net profit in four quarters of 2004 - by business segments

in PLN '000

	Corporate Segment	Retail Segment	Treasury Segment	Investment Segment	Other	Exclusions	Total
1. Segment income (external)	673 871	1 097 381	374 847	305 668	44 242	-360 731	**2 135 278**
2. Segment income (internal)	187 922	513 644	593 316	0	0	-1 294 882	**0**
3. Total segment income	**861 793**	**1 611 025**	**968 163**	**305 668**	**44 242**	**-1 655 613**	**2 135 278**
4. Segment expenses (external)	-246 339	-610 045	-237 088	-177 913	-31 632	360 731	**-942 286**
4a. Allocated expenses	-148 996	-647 668	-32 495	-29 724	-7 040		**-865 923**
5. Segment expenses (internal)	-330 864	-238 981	-701 566	-21 957	-1 514	1 294 882	**0**
6. Total segment expenses	**-726 199**	**-1 496 694**	**-971 149**	**-229 594**	**-40 186**	**1 655 613**	**-1 808 209**
7. Segment operating profit	**135 594**	**114 331**	**-2 986**	**76 074**	**4 056**	**0**	**327 069**
8. Net impairment charges for financial assets, other assets and provisions	**-56 484**	**-118 867**	**0**	**-14 599**	**41 654**		**-148 296**
9. Share of profit of associates				**1**			**1**
10. Segment result	**79 110**	**-4 536**	**-2 986**	**61 476**	**45 710**	**0**	**178 774**
11. Income tax expense							**-20 032**
12. Profit of minority shareholders							**-1 902**
13. Net profit/loss	**79 110**	**-4 536**	**-2 986**	**61 476**	**45 710**	**0**	**156 840**

Below, we present the major achievements of the Group by business segments.

Corporate banking

In the fourth quarter of 2005, the Bank continued the implementation of the adopted strategic goals and expanded the sale of products and services addressed to corporate customers, applying a new organizational structure as well as still improved modifications to the product offer. Within such activities, e-banking system is still developed; it is addressed to corporate customers and was created in cooperation with KBC. It facilitates account management worldwide, especially in KBC network in Western and Central Europe. A series of new up-to-date cash management solutions was introduced. 90% of corporate clients have been already using electronic payments and confirmations.

In response to the customers' increasing requirements with respect to financial risk hedging, the Bank introduced new derivative products. Furthermore, the scale of currency transactions performed via the Bank has also been increasing.

The result of the segment also discloses the result of the effective debt recovery of a number of significant loan receivables.

Cooperation with KBC Securities enables the Bank to included into the offer Corporate Finance products: advisory, public offering, merger and acquisitions, ect. This is one of the most prospective areas of the segment development.

The most important transaction concluded in the fourth quarter of 2005 was the consortium loan granted on 22.12.2005 to a company from petroleum industry. The total loan comprises of two installments: tranche A in the amount of EUR 250 million (i.e. PLN 958 325 thousand) and tranche B in the amount of EUR 750 million (i.e. PLN 2 874 975 thousand). The participation of the Bank in the above mentioned tranches amounts respectively to EUR 22.7 million (i.e. PLN 87 120 452) and EUR 68.2 million (i.e. PLN 261 361 363). The loan was released in January 2006.

Retail and SME banking

In the fourth quarter of 2005, the Bank continued its policy of retail banking expansion. An emphasis was placed to strengthen Bank's market position by promotion new brand (launched on 07.09.2005 process of changing the Bank's brand visualization) and the new product portfolio. The activities were focused on:

- modification of the product offer for particular groups of individual customers by making it more attractive and competitive, with special emphasis on the 'family' offer;
- further dynamic development of the bancassurance in cooperation with WARTA Group;
- modifications to Żagiel's offer;
- expanding cooperation with KBC TFI in area of distributing investment funds units.

<u>Retail and cash loans</u>

The sales of retail loans through Żagiel's distribution network in four quarters of 2005 remained stable. The total value of new installment and cash loans granted in the 12 months of 2005 amounted to over PLN 1.8 billion. The value of retail and cash loans granted in the fourth quarter of 2005 amounted to PLN 529 million, i.e. increased by 15% as compared to the third quarter of 2005. Furthermore, the volume of loans has been steadily growing; 288 thousand loans were granted in the fourth quarter versus 254 thousand in the third quarter. In order to further expand the operations and attract new customers, the following was accomplished:

- under the cross-selling strategy carried out in the co-operation with WARTA S.A., a significant progress was still recorded in the sales of life insurance policies for customers borrowing installment loans through Żagiel: in the last 12 months written premium doubled, and in the fourth quarter alone it increased by 40%, as compared to the end of the third quarter of 2005;
- in December 2005 cash loans offered by Żagiel were made accessible to the wider group of customers;
- there were signed contracts with two significant IT companies regarding installment sales of their products;
- a number of promotional campaigns were carried out.

in PLN '000	**IV Q 2005**	**III Q 2005**	**IV Q 2004**
Żagiel – installment and cash loans			
Number of loans granted in the quarter (in '000)	288	254	353
Value of loans granted in the quarter	528 843	457 896	601 625
Gross book value of the portfolio at the end of the quarter	1 423 623	1 338 640	1 405 915

<u>Mortgage loans</u>

In the fourth quarter of 2005 the Bank granted over 4 400 mortgage loans for the total amount of PLN 351 million. Against the third quarter of 2005, the sales of loans grew by 44% in terms of their value and by 24% in terms of their quantity.

in PLN '000	**IV Q 2005**	**III Q 2005**	**IV Q 2004**
Mortgage loans			
Number of loans granted in the quarter (in '000)	4,4	3,5	1,9
Value of loans granted in the quarter	351 289	247 640	180 548
Gross book value of the portfolio at the end of the quarter *	2 035 351	1 839 389	1 568 314
Share of the currency loans in the portfolio	57%	55%	46%

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

Current accounts

14 000 new current accounts were opened in the fourth quarter of 2005. The number of newly opened combined current & saving accounts (ROR) increased by 3% against figures recorded at the end of the third quarter of 2005, and by 10% against figures at the end of December 2004.

in PLN '000	**31.12.2005**	**30.09.2005**	**31.12.2004**
ROR			
Number (in '000)	508	494	460
Book value	766 090	727 820	683 348

Savings accounts for individual customers

A deposit offer for individual customers is still being expanded. The volumes on the savings accounts, which is one of the Bank's basic depositary products, are growing on a continuous basis; as at the end of December 2005, the value of deposited cash was in excess of PLN 1.9 billion, i.e. increased by 12% as compared to the end of the third quarter of 2005 and double increase as compared to the end of the fourth quarter of 2004. The number of new accounts increased by 73% in comparison to the analogous period in the previous year.

in PLN '000	**31.12.2005**	**30.09.2005**	**31.12.2004**
Savings Accounts			
Number (in '000)	160	143	93
Book value	1 951 041	1 740 978	854 943

Credit cards

At end of December 2005, the number of credit cards issued increased by 75% against figures at the end of December2004. As compared to the end of the third quarter of 2005, the increase added up to 15%. The volume of transactions conducted with the use of credit cards is also regularly growing.

in '000	**31.12.2005**	**30.09.2005**	**31.12.2004**
Credit cards	66	57	38

Electronic distribution channels

The number of users of electronic distribution channels has been growing steadily. At the end of December 2005, the number of KB24 users was equal to 165 thousand. In comparison to the fourth quarter of 2004, the number of users grew by 29%.

in '000	**31.12.2005**	**30.09.2005**	**31.12.2004**
Number of KB24 users	165	154	128
Number of wire transfers via KB24 un the quarter	1 925	1 691	1 487

Offer for SME segment

In the fourth quarter of 2005 there was a further increase in sales of loan and deposit products to SMEs.

in PLN '000	**31.12.2005**	**30.09.2005**	**31.12.2004**
Loans for SME	688 745	633 127	528 878
Current accounts for SME	1 009 595	889 396	875 231

Number of Bank's customer

in '000	**31.12.2005**	**30.09.2005**	**31.12.2004**
Individual customers	797	786	752
SME	81	79	76
Total number of customers	878	865	828

Investment funds

At the end of the fourth quarter of 2005, KBC TFI S.A. managed assets of the total value of PLN 4.9 billion.

KBC TFI S.A., with assets in investment funds amounting to PLN 2.6 billion, is ranked the 7th among the all investment funds in Poland.

The assets deposited in investment funds via the Bank's distribution network amounted to PLN 1.8 billion.

As of the end of the fourth quarter of 2005, KBC TFI managed 19 investment funds:

- 5 open-end investment funds (KBC Pieniężny FIO, KBC Papierów Dłużnych FIO, KBC Obligacyjny FIO, KBC Stabilny FIO i KBC Aktywny FIO);
- 3 specialized open-end investment funds (ALFA SFIO, BETA SFIO, KBC GAMMA SFIO);
- 1 close-end investment fund investing in foreign investment funds denominated in US Dollars (KBC Dolar FIZ);
- 9 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);
- 1 specialized close-end investment fund (KBC SIGMA FIZ) in liquidation.

The fourth quarter of 2005 was yet another period of KBC TFI dynamic growth. The subscription for shares of KBC Byki i Niedźwiedzie capital guaranteed fund was a success, as a result PLN 111 million worth of assets were collected. Also the subscription for KBC Klik Plis FIZ Fund has started.

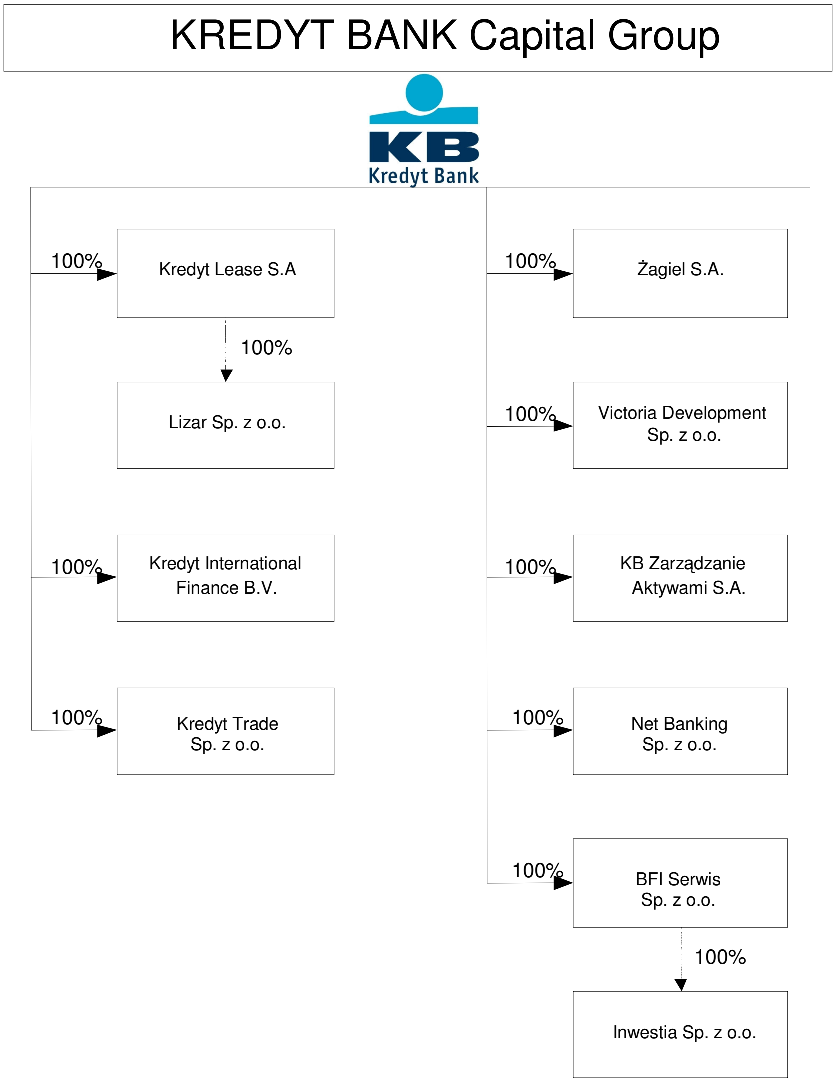
KBC TFI S.A. remains a leader on the Polish market of guaranteed capital funds with 93,6% share in the segment. At the end of the fourth quarter of 2005, the assets of this type of funds amounted to approx. PLN 912 million. Today, in cooperation with KBC Asset Management N.V., further measures are being taken to develop offer. The subscription of investment certificates of another capital guaranteed fund will take place in February 2006.

As at 31.12.2005, entities from KB Group did not issue, redeem or repay any debt or equity securities.

III. Group structure

Kredyt Bank Capital Group encompasses legally separated business entities, whose activities are coordinated to a great extent. The capital relations linking the Group 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 31.12.2005.



A brief description of Group entities has been presented in the Group's published consolidated financial statements for the first six moths of 2005.

Consolidated and non-consolidated companies

As a result of the IFRS adoption, the Group applies the materiality criteria in line with the methodology adopted by the Bank's Main Shareholder.

As at 31.12.2005, the following companies were consolidated:

- Kredyt Lease S.A.
- Kredyt International Finance B.V.
- Kredyt Trade Sp. z o. o.
- Żagiel S.A.
- Victoria Development Sp. z o. o.

As compared to the information published in the interim consolidated financial statements for the third quarter 2005, Kredyt Bank PTE is not consolidated. On 22.12.2005 Extraordinary General Shareholders approved financial statements of the company in liquidation and on 23.12.2005 financial statements together with the resolution of the Extraordinary General Shareholders Meeting were submitted in the Registry Court with the motion to remove Kredyt Bank PTE from the Register of Companies.

Furthermore, due to the immateriality of their operations and financial figures, the Group did not consolidate financial statements of the following entities, which were also not consolidated in the Group's published consolidated financial statements for the first six months of 2005:

- 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.

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

Furthermore, the Group holds the majority shares in Dolwis S.A. and significant stake in Korporacja Budowlana Inwestycje Sp. z o.o., however, it neither exerts actual control nor any significant influence upon their financial and operating activities. Hence, they are not members of the Group and are not consolidated. The investments in the shares of these companies were classified to the portfolio of available-for-sale assets and are measured at cost less any possible impairment.

IV. First time adoption of IAS/IFRS

The description of first-time IAS/IFRS application in the financial statements prepared by the Group is identical as the description included in the Group's published consolidated financial statement for the first six months of 2005.

The application of IAS/IFRS in the financial statements prepared in accordance with IAS/IFRS for the first time is determined by IFRS 1 - *First time adoption of International Financial Reporting Standards*.

Preparation of financial statements for the first time in compliance with IFRS requires a judgment of an entity's Management Board both on the adopted accounting principles and accounting estimates made.

01.01.2004 is the date of adopting IFRS by the Bank and the Group, i.e. the opening balance prepared according to IFRS.

The accounting principles adopted for preparing financial statements have been applied on a continuous basis in all presented periods, starting from the opening balance (01.01.2004), except for the exemptions from applying specific IAS/IFRS which are permitted under IFRS 1.

IFRS 1 determines two categories of exemptions from the principles of preparing the opening balance under IFRS, according to each IAS/IFRS:

a) exemption from applying certain aspects of specific IAS/IFRS (IFRS 1 - Section 12 a);

b) prohibition to retrospective application of some aspects of specific IAS/IFRS (IFRS 1 - Section 12 b).

The Bank has selected the following options as regards the exemptions from applying some aspects of specific IAS/IFRS as permitted under IFRS 1:

c) do not apply retrospectively the stipulations of IFRS 3 *Business Combinations* in relation to business combinations in the past (before the date when IFRS became effective) (IFRS 1, Section 13 a);

d) measure, as of the first day of IFRS application, property, plant and equipment as well as intangible assets at fair value and adopt that figure as the deemed cost determined on that day (IFRS 1, Section 13 b);

e) re-designate of previously recognized financial instruments (IFRS 1, Section 13 g);

f) present comparable figures not compliant with IAS 32 *Financial Instruments*. *Disclosure and Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement* (IFRS 1, Section 36 A).

V. Description of significant accounting principles and accounting estimates

In the fourth quarter of 2005, the Group did not introduce any material changes in the applied accounting principles and methods of performing accounting estimates as compared to the principles and methods described in the Group's published consolidated financial statements as of 30.06.2005 for the first six months of 2005.

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 recognized 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.

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

As presented in the Group's consolidated financial statement as of 31.12.2004, the accounting policy adopted in 2003 and 2004 assumed that income from administrative fees on installment loans were recognized on a cash basis, at the time a loan is granted, except for commissions on promotional interest-free installment loans that were amortised on a straight-line basis into fee and commission income, in proportion to the lapse of actual crediting period in overall crediting period, bearing in mind a risk for this product, i.e. the risk of returning a portion of commissions in the event of earlier repayment of a loan.

In the fourth quarter of 2004, the Bank's Management Board decided to extend this accounting policy of fee and commission amortization, with the use of an exponential function, for all fee and commission income and direct expenses connected with the entire class of installment loans recognized as promotional loans. The decision to extend the accounting policy was a result, among other factors, of the fact that the Group's companies were just completing works aimed at the adoption of the International Financial Reporting Standards as the basis for the preparation of financial statements.

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. As it was mentioned in Chapter IV of this report, the Group decided not to restate the comparable data.

Effective interest rate method

The effective interest rate is the rate that discounts a future, expected cash flows 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 recognized 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).

All fees/commissions and external expenses connected with granting consumer loans via Żagiel are settled in the income statement at amortized cost with the application of the effective interest rate.

<u>Interest income/expense</u>

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

In the event of non-performing loans, interest is recognized into the income statement based on the probability of their payment.

Impairment of assets measured at amortized cost

Loan receivables constitute the most important portion of financial assets recognized in the Group's balance sheet at amortized cost. As the Group decided not to restate the comparable data under IAS 39, the carrying amount of loan receivables as of 01.01.2004 and 31.12.2004 was disclosed in accordance with the Polish Accounting Standards which were in force in the Bank and the Group on these days. The Polish principles provided for the classification of credit exposures into 5 risk categories (normal, under observation, substandard, doubtful and lost), applying the criterion of timely debt servicing and the criterion of the borrower's economic and financial standing. Specific provisions for the risk connected with credit exposures have been established at least in the amounts required for particular risk groups (from 1.5% to 100% of the base of specific provisions creation). The Group, while estimating specific provisions for the purpose of the Polish standards, determined the value of collateral in accordance with the law regulations and the internal policies in force in the Group.

On 01.01.2005, the Group implemented the principles of measuring impairment of loan receivables in accordance with 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, analyzing 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 triggrs indicating the impairment were identified.

A process of estimating future, expected cash flows is carried out in a specially dedicated IT tool and is based on an analysis of the relevant scenario. 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 portfolio, for which individual impairment is not identified;

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.

Financial assets measured at fair value through the profit and loss account

In the consolidated financial statements for the financial year ended 31.12.2004, the Group classified its financial assets in the following categories: held-for-trading assets, loans granted as well as Group's other receivables, held-to-maturity investments and available-for-sale financial assets.

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

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

a) financial assets determined, upon their initial recognition, as financial assets measured at fair value through the profit and loss account, or

b) financial assets classified as held for trading, if they meet the following conditions:

- were purchased or contracted mainly for sale or repurchase on a close date;
- 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
- they are derivative instruments (except for specific derivative instruments which are effective hedging instruments).

Financial assets and liabilities carried at fair value through profit and loss account are recognized 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 recognized 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.

Hedge accounting

In the third quarter of 2005, the Group began to apply fair value hedge accounting to hedge specific assets against the interest rate risk resulting from the Group's investment activity.

Upon the establishment of such hedging, the Group officially determines and documents hedging relations and strategy, as well as the purpose of risk management. The documentation includes identification of hedging instruments, hedged items and the nature of the hedged risk. Upon the establishment of such hedging, the Group also documents and evaluates, on an ongoing basis, the hedging effectiveness.

The hedging of fair value is recognized in the following manner: 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 recognized in the income statement. When the hedged item is an available-for-sale financial asset, gains or losses resulting from the hedged risk are recognized in the income statement.

As at 31.12.2005, the Group had one fair value hedge transaction open: the hedged instruments are fixed-coupon Treasury bonds and the hedging instruments are interest rate swaps. The carrying amount 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.

Deferred tax assets

As mentioned in the Group's consolidated financial statements as of 30.06.2005, the accounting policy related to the measurement of deferred tax assets applied in 2003 and 2004 assumed, that in the Bank, bearing in mind balance sheet and tax losses incurred in 2002 and 2003 and the uncertainty of the settlement of the surplus of deferred tax asset over deferred tax liability, deferred tax assets were recognized only up to the amount of the deferred tax liability.

The Bank, as of 30.06.2005, due to the its improving financial result, decided to begin prudently recognizing 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 subsequent quarter, the Bank recognizes the surplus of the deferred tax asset over deferred tax liability in the value of the probable future realization amount within the nearest 2 years. The probability of realizing 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 of the quarters.

Goodwill

In the comparable figures, as of 01.01.2004, the Group ceased to amortize goodwill. As at this date, the goodwill of the companies consolidated by the Bank is equal to net values recognized in the 2003 closing balance sheet. Every six months, the Group performs a net goodwill impairment test based on the models developed in cooperation with the Bank's Main Shareholder. The models are based on generally accepted principles of the measurement of capital investments, and take into consideration discounted future cash flows.

Presentation in financial statements

This interim financial report contains condensed financial figures. The method of their restatement from previously published statements has been presented in Chapter VI hereof.

VI. Clarifications related to the adoption of IFRS and the related adjustments in the opening balance

As presented in the Group's published consolidated financial statements for the first six months of 2005, the accounting policies applied by the Group while preparing the opening balance in accordance with IFRS differ from the policies applied on the same date at the time of their historical preparation (financial statements prepared pursuant to the Polish Accounting Act). Hence, under IFRS 1, the resulting adjustments were recognized in retained profit/loss.

The Bank, acting under IAS 12, did not calculate the effect of the deferred income tax upon the adjustments related to the first adoption of IFRS. As presented in Chapter V hereof, the accounting policy applied in 2003 and 2004 assumes that in the Bank, bearing in mind balance sheet and tax losses incurred in 2002 and 2003 and the uncertainty of the settlement of the surplus of deferred tax asset over deferred tax liability, deferred tax assets were recognized only up to the amount of the deferred tax liability.

IAS/IFRS adjustments to the Group's consolidated equity and other items of the financial statements as at 31.12. 2004.

IAS/IFRS adjustments to the Group's consolidated equity, consolidated net income, Bank's separate equity, separate net income and other items of the financial statements as of 01.01.2004, 30.06.2004, 31.12.2004 and 01.01.2005 have been presented together with commentary in the Group's published consolidated financial statements for the first six months of 2005.

Table 1 – Reconciliation of the closing balance of consolidated equity as of 31.12.2004 in accordance with IAS

in PLN '000

	Consolidated equity as at 31.12.2004 according to PAS	**1 459 954**	
	Including net profit for the period		***185 176***
1	Adjustments related to the adoption of IAS affecting the revaluation reserve:		
a)	Measurement of fixed assets at fair value	-1 250	
		-1 250	
2	Adjustments related to the adoption of IAS affecting the retained profit/loss from previous years:		
a)	Reversal of equity method valuation for subordinated entities not consolidated with the full method and the effect of the deconsolidation of the companies deemed as immaterial	13 857	
b)	Recognition of the impairment of investment in the shares of subordinated entities that were measured with the equity method, and according to IAS are recognised at cost less impairment	-16 254	
c)	Measurement of fixed assets at fair value	1 250	
d)	Reversal of the provision for general banking risk	87 867	
		86 720	
3	Adjustments related to the adoption of IAS affecting the net profit in the period:		
a)	Reversal of the valuation of subordinated entities with the equity method in correspondence with the net income in the period	-11 012	*-11 012*
b)	Reversal of the impairment of investment in the shares of subordinated entities that were measured with the equity method, and according to IAS are recognized at cost less impairment	2 062	*2 062*
c)	Reversal of the amortization of goodwill recognized in the income statement for 2004 according to PAS	13 247	*13 247*
d)	Reversal of the provision for general banking risk	-32 633	-32 633
		-28 336	-28 336
	Total IAS adjustments	**57 134**	**-28 336**
	Consolidated equity as at 31.12.2004 according to IAS	**1 517 088**	
	Including net profit for the period		***156 840***

Table 2 - Significant reclassifications in the consolidated balance sheet against the data published as of 31.12.2004 according to the Polish Accounting Standards

in PLN '000

	ASSETS		31.12.2004 Polish Accounting Standards	Adjustments	31.12.2004 IFRS
I.	Financial assets (*)	A	8 635 592	47 482	8683 074
II.	Loans and advances to customers	B	14 772 682	-666 730	14 105 952
III	Allowances for impairment losses (**)	C	-2 701 539	-42 083	-2 743 622
IV	Equity investments	D	74 054	-38 787	35 267
V	Intangible assets and fixed assets	E	611 627	-2 069	609 558
VI	Deferred tax assets	F	18 423	6 790	36 052
VII	Goodwill	G	29 262	6 790	36 052
VIII	Other assets	B	230 630	-21 262	209 368
	Total assets		**21 670 731**	**-649 385**	**21 021 346**

	LIABILITIES AND EQUITY		30.12.2004 Polish Accounting Standards	Adjustments	30.12004 IFRS
I	Financial liabilities (***)	I	19 021 870	16 465	19 038 335
II	Provisions	H	134 756	-97 317	37 439
III	Deferred tax liability	J	10 048	67 274	77 322
IV	Special funds and other liabilities (****)	K	1 044 103	-692 941	351 162
	TOTAL LIABILITIES		20 210 777	-706 519	19 504 258
V	Total equity	L	1 459 954	57 134	1 517 088
	TOTAL LIABILITIES AND EQUITY		**21 670 731**	**-649 385**	**21 021 346**

(*) – the item contains: cash and balances with central bank; amounts due from banks, financial assets measured at fair value through the profit and loss account, including held-for-trading assets; investment securities: available for sale and held to maturity.

(**) – the item contains: allowances for impairment losses for amounts due from banks and customers

(***) – the item contains: amounts due to banks and customers; held-for-trading liabilities; issued debt securities; liabilities related to disposed securities with the repurchase promise, subordinated liabilities.

(****) – the item contains: income tax payables and other payables.

Explanation of reclassification adjustments to comparable data for 12 months of 2004:

Adjustment in assets	Amount in PLN '000	Item	Adjustment in liabilities	Amount in PLN '000
A	-2 866	Offsetting assets and liabilities of Company Social Fund	K	-2 866
A D	50 348 -50 348	Reclassification of assets from equity investments to the portfolio of available-for-sale financial assets		
B	-687 992	Offsetting of interest accrued on non-performing loans from financial and non-financial customers with suspended interest	K	-687 992
C	-97 272	Reversal of the provision for general banking risk in the total amount of PLN 97,317 thousand and the creation of specific provisions for regular loans, under observation and doubtful loans in the total amount of PLN 97,272 thousand	H L	-97 317 45
C	55 189	Reversal of impairment charges	L	55 189
D	-11 362	Reversal of the valuation of subsidiaries with the equity method and the return to the purchase price with the recognition of the impairment	L	-11 362
E	-2 069	Offsetting of assets and liabilities regarding purchase of fixed assets	K	-2 069
D	16 465	Change in consolidation scope	I.	16 465
G	13 248	Reversal of the amortization of goodwill recognized in the income statement for 2004 according to PAS	L	13 248
F	67 274	Presentation of deferred tax assets and deferred tax liability separately	J	67 274
G D	-6 458 6 458	Withdrawal of the reclassification of goodwill in a subsidiary		
		Change in consolidation scope	K L	-14 14
Total	**-646 519**			**-646 519**
		including adjustments to equity	L	***57 134***

IAS/IFRS adjustments to the Bank's equity and other items of the financial statements in periods falling under this report

Table 3 - Reconciliation of the closing balance of the Bank's separate equity as of 31.12.2004 in accordance with IAS

in PLN '000

	Equity as at 31.12.2004 according to PAS	**1 459 954**	
	Including net profit for the period		***185 176***
1	Adjustments related to the adoption of IAS affecting the revaluation reserve:		
a)	Reversal of the valuation of subsidiaries with the equity method	285	0
b)	Measurement of fixed assets at fair value	-1 250	0
		-965	0
2	Adjustments related to the adoption of IAS affecting the retained profit/loss from previous years		
a)	Reversal of the valuation of subsidiaries with the equity method	409 984	0
b)	Recognition of the impairment of investment in the shares of subsidiaries that were valued with the equity method, and according to IAS are recognised at cost less impairment	-402 400	0
c)	Measurement of fixed assets at fair value	1 250	0
d)	Reversal of the provision for general banking risk	87 867	0
		96 701	0
3	Adjustments related to the adoption of IAS affecting the net profit in the period:		
a)	Reversal of the valuation of subsidiaries with the equity method	-71 090	-71 090
b)	Reversal of the impairment charge for investment in shares of subsidiaries recognized at cost less impairment	45 075	45 075
c)	Reversal of the provision for general banking risk	-32 633	-32 633
		-58 648	**-58 648**
	Total IAS adjustments	37 088	-58 648
	Equity as at 31.12.2004 according to IAS	**1 497 042**	
	Including net profit for the period		***126 528***

Table 4 – Significant reclassifications in the balance sheet against figures published as of 31.12.2004 according to the Polish Accounting Standards

in PLN '000

	ASSETS		**31.12.2004 Polish Accounting Standards**	**Adjustments**	**31.12.2004 IFRS**
I	Financial assets (*)	A	8 605 383	47 482	8 652 865
II	Loans and advances to customers	B	14 669 566	-665 353	14 004 213
III	Allowances for impairment losses for loans from banks and customers	C	-2 399 004	-91 688	-2 490 692
IV	Equity investments	D	231 038	-105 293	125 745
V	Intangible assets and property, plant and equipment	E	515 884	-16 291	499 593
VI	Deferred tax assets	F	0	67 274	67 274
VII	Other assets	B	184 993	-21	184 972
	TOTAL ASSETS		**21 807 860**	**-763 890**	**21 043 970**

	LIABILITIES AND EQUITY		**31.12.2004 Polish Accounting Standards**	**Adjustments**	**31.12.2004 IFRS**
I	Financial liabilities (**)		19 116 613	0	19 116 613
II	Provisions	G	220 259	-183 721	36 538
III	Deferred tax liability	H	0	67 274	67 274
IV	Special funds and other liabilities	I	1 011 034	-684 531	326 503
	TOTAL LIABILITIES		20 347 906	-800 978	19 546 928
V	Total equity	J	1 459 954	37 088	1 497 042
	TOTAL LIABILITIES AND EQUITY		**21 807 860**	**-763 890**	**21 043 970**

(*) – the item contains: cash and balances with central bank; amounts due from banks, financial assets valued at fair value through the profit and loss account; investment securities

(**) – the item contains: amounts due to banks and customers; held-for-trading liabilities; liabilities related to disposed securities with the repurchase promise, issued debt securities; subordinated liabilities.

Explanation of reclassification adjustments to comparable data for 12 months of 2004:

Adjustment in assets	Amount in PLN '000	Item	Adjustment in liabilities	Amount in PLN '000
A	-2 866	Offsetting assets and liabilities of Company Social Benefit Fund		-2 866
A	50 348	Reclassification of assets from equity investments to the portfolio	I	
D	-50 348	of available-for-sale financial assets		
B	-665 374	Offsetting interest accrued on non-performing loans from financial and non-financial customers with suspended interest	I	-665 374
C	-42 083	Reversal of the provision for general banking risk	G	-97 317
			J	55 234
C	-49 605	Recognition of impairment on equity investments in the amount exceeding the purchase price of shares of subsidiaries: the surplus of the impairment is recognized as allowance for impairment losses for loans granted to these entities	J	-49 605
D	-54 945	Reversal of the valuation of subsidiaries with the equity method and the return to the purchase price with the recognition of the impairment of investments	J	-54 945
E	-16 291	Offsetting assets and liabilities regarding purchase of fixed assets	I.	-16 291
F	67 274	Presentation of deferred tax assets and deferred tax liability separately	H	67 274
	0	Reversal of negative valuation of subsidiaries valued under PAS	G	-86 404
	0	with the equity method	J	86 404
Total	**-763 890**			**-763 890**

VII. Information on major post-balance sheet events

On 17.01.2006 the Bank repaid the entire subordinated loan in the amount of USD 50 000 thousand, contracted on the basis of the agreement dated 28.04.2000 concluded with KBC Bank Dublin Branch and Banco Espirito Santo.

VIII. Change in contingent liabilities

The changes that occurred in the fourth quarter of 2005 regarding off-balance sheet items, presented in a table below, resulted from the Group's current operations.

In PLN '000	**31.12.2005**	**30.09.2005**	**31.12.2004**
I. Off-balance sheet contingent liabilities granted and received	4 089 190	4 480 915	5 771 653
1. liabilities granted:	3 577 985	3 320 681	5 256 655
a) financial	2 451 828	2 345 850	2 085 879
b) guarantees	1 126 157	974 831	3 170 776
2. liabilities received:	511 205	1 160 234	514 998
a) financial	11 831	650 181	51 707
b) guarantees	499 374	510 053	463 291
II. Liabilities related to the sale/purchase transactions	79 905 636	90 912 757	31 099 032
III. Other off-balance sheet items:	3 057 287	3 216 039	3 649 245
- received collateral	3 057 191	3 215 943	3 649 150
- other	96	96	95
Total off-balance sheet items	**87 054 913**	**98 609 711**	**40 519 930**

A significant decline in granted guarantees as of 30.09.2005 results from the expiry of the guarantee granted by the Bank to KBC Dublin for the benefit of Kredyt International Finance B.V., which was presented in quarterly financial reports published in 2004 and 2005.

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

In comparison with the information presented as of 30.09.2005 in the published consolidated interim financial report for the third quarter of 2005 the Bank's share capital has not changed. Moreover, as of the day of publication of this financial report (i.e. 16.02.2006), in relation to the figures as of the date of publication of the consolidated interim financial report for the third quarter of 2005 (i.e. 03.11.2005), there were no changes in the composition of shareholders who directly or indirectly - through the subsidiaries - hold more than 5% of shares in the Bank's share capital as well as more than 5% of votes at GSM.

Shareholder	Scope of activity	Number of shares and votes at GSM	Participation in votes and in share capital (in %)
KBC Bank N.V.*	Banking	232 341 875	85,53

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

X. Specification of the Bank's shares and the shares/stakes in the subsidiaries and associates held by the Management Board members of Kredyt Bank S.A. and the Supervisory Board members of Kredyt Bank S.A.

As of the date of publication of this report (i.e. 16.02.2006), in comparison with the information as of the date of publication of the financial report for the third quarter of 2005 (i.e. 03.11.2005), no changes occurred in the ownership of the Bank's shares as well as shares/stakes in the subsidiaries and associates held by members of the Bank's Management Board as well as 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	5 100	25,5	0	0
Ronald Richardson	5 000	25	0	0
Małgorzata Kroker-Jachiewicz	100	0,5	0	0
Supervisory Board members	24 491	122,5	0	0
Andre Bergen	23 491	117,5	0	0
Marek Michałowski	1 000	5,0	0	0

XI. Information on proceedings before courts or public administration authority

In the fourth quarter of 2005 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.

The proceedings, in which the Bank is a plaintiff:

Since the outcome of a litigation against Inspektoria Towarzystwa Salezjańskiego in Wrocław (Salesian Society Inspectorate) was disadvantageous for the Bank, where Inspektoria 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. Currently the Bank is suing 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.

The proceedings in which the Bank is a defendant:

The highest amounts were claimed in the cases specified below:

- 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. A reply has also been prepared.

- 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 Banks – participants of the syndicate approached the court in order to concede the enforceability clause to the banking executory title issued on 01.12.2004 against the State Treasury being the guarantor of the loan granted LFO. First instance court, by its ruling of

23.03.2005 dismissed the banks' motion. On 22.04.2005 the banks filed a complaint about the court ruling. Formal defects of the motion to concede the enforceability clause to the banking executory title were removed. The court's ruling is expected.

- 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 Kredyt 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.

- On 05.01.2006 the Bank received a suit filed by Gdańsk Archdiocese, containing a counter-executory complaint against the executory banking titles issued by the Bank. The plaintiff claims, that the credit agreements concluded in connection with the activity of Stella Maris Publishing House of Gdańsk Archdiocese are not valid as the persons acting in the name of Archdiocese were lacking the required empowerment. The claimed amount is equal to PLN 14 979 thousand. The Bank prepared a reply to the suit, applying to entirely dismiss a complaint. The District Court in Gdańsk fixed a date of a trial (17.02.2006) and considered itself competent only as for a portion of the claimed amount, while the proceedings concerning its remaining portion would be conducted by the District Court in Bydgoszcz. In connection with the efforts made to amicably settle the dispute both parties filed motions to the courts to suspend the proceedings.

- 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 hearing will be held on 17.03.2006.

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.

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

In the fourth quarter of 2005 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.

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

As of 31.12.2005 the Bank granted guarantees in favour of two companies and their subsidiaries of total value exceeding 10% of the Bank's equity. The total amounts of these guarantees were equal to PLN 235 735 thousand and PLN 176 601 thousand, respectively. As of 31.12.2005 their average maturity was a year and two months and seven months, respectively.

As of 31.12.2004 the Bank granted to its subsidiary the guarantees of total value accounting for more than 10% of the Bank's equity. The guarantees amounted to PLN 1 874 490 thousand. On 07.07.2005 the above mentioned guarantees expired since the secured loans were repaid.

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

XIV. 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.

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

The Bank's Management Board is of the opinion, that no events other than those resulting from the Bank's and the Group's current operations will exert an impact on the results of the first quarter of 2006.

Signatures of all Management Board members

Date 16.02.2006	Ronald Richardson	President of the Management Board	…………………
Date 16.02.2006	Małgorzata Kroker-Jachiewicz	Deputy President of the Management Board	…………………
Date 16.02.2006	Guy Libot	Deputy President of the Management Board	…………………
Date 16.02.2006	Krzysztof Kokot	Deputy President of the Management Board	……………………
Date 16.02.2006	Bohdan Mierzwiński	Deputy President of the Management Board	……………………

1. CONSOLIDATED INCOME STATEMENT

in PLN '000	4th quarter of 2005 01.10.2005 – 31.12.2005	4 quarters of 2005 01.01.2005 – 31.12.2005	4th quarter of 2004 01.10.2004 – 31.12.2004	4 quarters of 2004 01.01.2004 – 31.12.2004
Interest income	352 855	1 408 504	317 843	1 302 973
Interest expense	-138 975	-655 057	-178 406	-669 046
Net interest income (I-II)	**213 880**	**753 447**	**139 437**	**633 927**
Fee and commission income	95 095	334 581	157 764	537 518
Fee and commission expense	-6 837	-19 691	-3 979	-23 877
Net fee and commission income (IV-V)	**88 258**	**314 890**	**153 785**	**513 641**
Dividend income	0	780	301	817
Net trading income	30 571	143 812	41 475	138 611
Profit (loss) from investment activities	117	-4 054	-2 763	43 517
Other operating income	19 810	66 072	43 247	111 842
Total operating income	**352 636**	**1 274 947**	**375 482**	**1 442 355**
General and administrative expenses	-234 219	-890 825	-261 629	-1 055 175
Net impairment charges for financial assets, other assets and provisions	-33 837	-9 167	-13 289	-148 296
Other operating expenses	-15 076	-54 834	-20 877	-60 111
Total operating expense	**-283 132**	**-954 826**	**-295 795**	**-1 263 582**
Net operating income	**69 504**	**320 121**	**79 687**	**178 773**
Share of profit (loss) of associates	-32	1 247	0	1
Profit before tax	**69 472**	**321 368**	**79 687**	**178 774**
Income tax expense	21 192	93 536	-7 243	-20 032
Net profit from business activities	**90 664**	**414 904**	**72 444**	**158 742**
Net profit from discontinued operations	0	974	0	0
Net profit	**90 664**	**415 878**	**72 444**	**158 742**
Including attributable to:				
Shareholders of the Bank	**90 664**	**415 878**	**72 444**	**156 840**
Minority interest	0	0	0	1 902
Weighed average number of shares		271 658 880		243 783 743
Earnings per share (in PLN)		1,53		0,64

2. CONSOLIDATED BALANCE SHEET

in PLN '000	31.12.2005 end of the 4th quarter of 2005	30.09.2005 end of the 3rd quarter of 2005	31.12.2004 end of the 4th quarter of 2004
ASSETS			
Cash and balances with Central Bank	607 090	684 807	1 512 591
Gross due from banks	2 229 615	2 777 393	2 699 852
Allowances for impairment losses of dues from banks	-2 894	-2 894	-3 194
Financial assets measured at fair value through the profit and loss account, including held-for-trading assets	703 888	649 616	557 760
Gross loans and advances to customers	12 306 286	12 708 713	14 105 952
Allowances for impairment losses of loans and advances	-2 604 206	-2 808 913	-2 740 428
Investments in securities:	6 709 711	5 748 622	3 912 871
- available for sale	4 417 879	3 503 025	2 450 200
- held to maturity	2 291 832	2 245 597	1 462 671
Equity investments classified as available for sale	72 530	35 689	35 267
Investments in associates	8 929	8 961	0
Property and equipment	416 400	396 229	469 371
Intangible assets	111 475	115 934	140 187
Goodwill	36 052	36 052	36 052
Deferred tax assets	196 800	292 996	85 697
Other assets	170 340	193 252	209 368
TOTAL ASSETS	**20 962 016**	**20 836 457**	**21 021 346**
LIABILITIES			
Due to banks	2 562 167	2 632 737	3 007 090
Held-for-trading financial liabilities	220 155	242 664	233 932
Due to customers	14 533 624	14 610 878	14 061 105
Issued debt securities	402 435	407 726	418 150
Securities sold under repurchase agreements (repo)	368 701	165 487	718 772
Income tax liability	4	1 625	5 778
Other liabilities	441 211	303 043	345 384
Subordinated liabilities	589 581	595 390	599 286
Provisions	77 847	67 596	37 439
Deferred tax liabilities	84 696	206 473	77 322
TOTAL LIABILITIES	**19 280 421**	**19 233 619**	**19 504 258**

EQUITY	31.12.2005 end of the 4th quarter of 2005	30.09.2005 end of the 3rd quarter of 2005	31.12.2004 end of the 4th quarter of 2004
Share capital	1 358 294	1 358 294	1 358 294
Share premium	0	0	350 910
Revaluation reserve	15 928	27 624	-20 247
Currency translation differences from the translation of subordinated companies and foreign branches	-637	-426	-285
Reserves	120 942	120 942	173 779
Retained earnings (losses)	-228 810	-228 810	-502 203
Current net profit	415 878	325 214	156 840
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK	**1 681 595**	**1 602 838**	**1 517 088**
Minority interest	**0**	**0**	**0**
TOTAL EQUITY	1 681 595	1 602 838	1 517 088
TOTAL LIABILITIES AND EQUITY	**20 962 016**	**20 836 457**	**21 021 346**
Capital adequacy ratio (%)	16,37	14,52	14,72
Number of shares	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	6,19	5,90	5,58

3. OFF-BALANCE SHEET ITEMS

in PLN '000	31.12.2005 end of the 4th quarter of 2005	30.09.2005 end of the 3rd quarter of 2005	31.12.2004 end of the 4th quarter of 2004
Contingent liabilities, granted and received	4 089 190	4 480 915	5 771 653
1. Liabilities granted, including::	3 577 985	3 320 681	5 256 655
a) financial	2 451 828	2 345 850	2 085 879
b) guarantees	1 126 157	974 831	3 170 776
2. Liabilities received, including:	511 205	1 160 234	514 998
a) financial	11 831	650 181	51 707
b) guarantees	499 374	510 053	463 291
Liabilities related to the sale/purchase transactions	79 908 436	90 912 757	31 099 032
Other:	3 057 287	3 216 039	3 649 245
- received collateral and guarantees	3 057 191	3 215 943	3 649 150
- other	96	96	95
TOTAL OFF-BALANCE SHEET ITEMS	**87 054 913**	**98 609 711**	**40 519 930**

4. STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Changes in the period from 1 October to 31 December of 2005

in PLN '000	Share capital	Share premium	Revaluation reserve	Currency translation differences from the translation of subordinated companies and foreign branches	Reserves	Other reserves	Retained earnings (losses)	Current net profit	Total equity
Equity at opening balance as of 01.10.2005 according to IFRS	**1 358 294**	**0**	**27 624**	**-426**	**120 942**		**-228 810**	**325 214**	**1 602 838**
Changes in equity:	**0**	**0**	**-11 696**	**-211**	**0**	**0**	**0**	**0**	**-11 907**
- costs of share issue									0
- valuation of financial assets			-14 709						-14 709
- decrease in currency translation differences				-211					-211
- other changes									
- deferred tax			3 013						3 013
Net profit (loss)								90 664	90 664
Equity at period end (closing balance)	**1 358 294**	**0**	**15 928**	**-637**	**120 942**	**0**	**-228 810**	**415 878**	**1 681 595**

Changes in the period from 1 January to 31 December of 2005

in PLN '000	Share capital	Share premium	Revaluation reserve	Currency translation differences from the translation of subordinated companies and foreign branches	Reserves	Other reserves	Retained earnings (losses)	Current net profit	Total equity
Equity at opening balance as of 01.01.2005 according to the Polish Accounting Standards (PAS)	**1 358 294**	**350 910**	**-18 997**	**-285**	**173 779**		**-403 747**		**1 459 954**
Adjustments related to IFRS first-time adoption			27 056				-228 810		**-201 754**
Equity at opening balance as of 01.01.2005 according to IFRS	**1 358 294**	**350 910**	**8 059**	**-285**	**173 779**	**0**	**-632 557**	**0**	**1 258 200**
Changes in equity:	**0**	**-350 910**	**7 869**	**-352**	**-52 837**	**0**	**403 747**	**0**	**7 517**
- covering the retained loss		-350 910			-52 837		403 747		0
- valuation of financial assets			11 376						11 376
- increase in currency translation differences				87					87
- decrease in currency translation differences				-439					-439
- other changes			-40						-40
- deferred tax			-3 467						-3 467
Net profit (loss)								**415 878**	**415 878**
Equity at period end (closing balance) – as of 31.12.2005	**1 358 294**	**0**	**15 928**	**-637**	**120 942**	**0**	**-228 810**	**415 878**	**1 681 595**

Changes in the period from 1 January to 31 December of 2004

in PLN '000	Share capital	Share premium	Revaluation reserve	Currency translation differences from the translation of subordinated companies and foreign branches	Reserves	Other reserves	Retained earnings (losses)	Current net profit	Total equity
Equity at opening balance as of 01.01.2004 according to the Polish Accounting Standards (PAS)	**1 056 451**	**1 020 023**	**-41 423**	**-5 438**	**173 779**	**62 000**	**-1 620 911**		**644 481**
Adjustments related to IFRS first-time adoption			-12 003	10 757			86 720		85 474
Equity at opening balance as of 01.01.2004 according to IFRS	**1 056 451**	**1 020 023**	**-53 426**	**5 319**	**173 779**	**62 000**	**-1 534 191**		**729 955**
Changes in equity:	301 843	-669 113	33 179	-5 604	0	-62 000	1 031 988		**630 293**
- issue of W series shares	301 843								301 843
- share issue above share nominal value		301 843							301 843
- costs of share issue		-989							-989
- covering the retained losses		-969 988				-62 000	1 031 988		0
- valuation of financial assets			33 318						33 318
- decrease in currency translation differences				-5 604					-5 604
- other changes		21	-139						-118
Net profit (loss) according to PAS								**185 176**	**185 176**
Adjustments related to first-time adoption of IFRS								-28 336	**-28 336**
Equity at period end (closing balance) – as of 31.12.2004	**1 358 294**	**350 910**	**-20 247**	**-285**	**173 779**	**0**	**-502 203**	**156 840**	**1 517 088**

MINORITY INTEREST

Minority interest at opening balance	29 249
Changes in minority interest:	-29 249
- share in the profit for the period	1 902
- sale of Kredyt Bank Ukraina	-31 151
Minority interest at period end	**0**

5. CONSOLIDATED CASH FLOW STATEMENT

in PLN '000	4th quarter of 2005 01.10.2005 – 31.12.2005	4 quarters of 2005 01.01.2005 – 31.12.2005	4th quarter of 2004 01.10.2004 – 31.12.2004	4 quarters of 2004 01.01.2004 – 31.12.2004
A. NET CASH FLOW FROM OPERATING ACTIVITIES (I+/-II) – indirect method *	**485 803**	**1 727 936**	**-898 657**	**1 750 079**
I. Net profit (loss)	90 664	415 878	72 444	156 840
II. Total adjustments:	**395 139**	**1 312 058**	**-971 101**	**1 593 239**
1. Minority interest	0	0	0	1 902
2. Share in profit (loss) of subordinated companies measured with the equity method	32	-1 247	0	-1
3. Depreciation, including:	30 693	135 483	37 943	166 612
4. Profit (loss) from currency translation differences	-27 306	-62 442	-71 888	-193 217
5. Interest payments	-82 909	-161 591	78 792	-9 731
6. Share in net profit (dividends)	0	-780	-301	-817
7. Profit (loss) from investments	15 607	20 841	11 275	-1 758
8. Net increase/decrease in provisions	13 615	43 772	5 954	-1 019
9. Net increase/decrease in inventory	252	-90	-66	500
10. Net increase/decrease in debt securities	-89 239	637 175	150 827	213 915
11. Net increase/decrease in amounts due from banks	272 744	-318 826	-64 523	-158 111
12. Net increase/decrease in loans and advances to customers	115 092	1 326 712	63 303	2 699 048
13. Net increase/decrease in receivables related to the securities purchased to resell ('reverse repo')	0	0	0	0
14. Net increase/decrease in shares, other securities and other financial assets	-17 765	-12 152	117 969	179 441
15. Net increase/decrease in amounts due to banks	-85 994	-415 114	-657 522	-984 195
16. Net increase/decrease in amounts due to customers	-36 754	488 363	-437 842	-578 683
17. Net increase/decrease in liabilities related to the securities sold under repurchase agreement ('repo')	179 854	-362 785	291 434	716 664
18. Net increase/decrease in liabilities related to securities	0	0	0	0
19. Net increase/decrease in other liabilities	125 405	111 244	-443 868	-422 354
20. Net increase/decrease in prepayments and accruals	-1 747	-3 221	-13 451	761
21. Net increase/decrease in deferred income and suspended income	0	0	7 649	7 649
22. Paid income tax	2 583	8 016	2 937	0
23. Other adjustments	-19 024	-121 300	-49 723	-43 367
B. NET CASH FLOW FROM INVESTING ACTIVITIES (I-II)	**-903 360**	**-3 444 062**	**80 240**	**519 961**
I. Inflows	**12 252 420**	**43 609 127**	**4 355 465**	**10 630 674**
1. Disposal of shares in subsidiaries	0	0	0	116 747
2. Disposal of shares in jointly controlled entities	0	0	0	0
3. Disposal of shares in associates	0	2 495	0	0
4. Disposal of shares in other businesses, of other securities and other financial assets	12 272 770	43 600 669	4 199 378	10 348 882
- including Treasury debt securities	12 259 977	43 508 706	4 118 093	10 218 157
5. Disposal of intangible assets and property, plant and equipment	-19 554	5 183	147 850	152 494

6. Disposal of investments in real estate and intangible assets	0	0	0	0
7. Dividends received	0	780	301	817
8. Other inflows from investments	-796	0	7 936	11 734
II. Outflows	**13 155 780**	**47 053 189**	**4 275 225**	**10 110 713**
1. Acquisition of shares in subsidiaries	0	0	0	0
2. Acquisition of shares in jointly controlled entities	0	0	0	0
3. Acquisition of shares in associates	0	10 317	0	0
4. Acquisition of shares in other businesses, other securities and other financial assets	13 129 357	46 965 215	4 259 180	10 067 462
– including Treasury debt securities	13 129 319	46 965 120	4 259 012	10 067 217
5. Acquisition of intangible assets and property, plant and equipment	26 513	77 657	19 352	43 149
6. Investments in real estate and intangible assets	0	0	0	0
7. Other investment outflows	-90	0	-3 307	102
C. NET CASH FLOW FROM FINANCING ACTIVITIES (I-II)	**102 387**	**21 018**	**-294 838**	**-442 014**
I. Inflows	**199 465**	**996 140**	**0**	**672 697**
1. Long-term loans from other banks	199 465	996 140	0	0
2. Long-term cash loans from entities other than banks in the financial sector	0	0	0	0
3. Issue of debt securities	0	0	0	70 000
4. Increase in subordinated liabilities	0	0	0	0
5. Net cash inflows from the issue of shares and additional contribution to the share capital	0	0	0	602 697
6. Other financial inflows	0	0	0	0
II. Outflows	**97 078**	**975 122**	**294 838**	**1 114 711**
1. Repayments of long-term loans to other banks	74 709	886 286	281 390	281 390
2. Repayment of long-term cash loans for entities other than banks in the financial sector	0	0	0	0
3. Redemption of debt securities	0	0	0	707 700
4. Other financial liabilities	0	0	0	0
5. Finance lease rentals	1 224	1 583	44	144
6. Payment of subordinated liabilities	0	0	0	60 000
7. Dividends and other payments to shareholders	0	0	0	0
8. Dividends and other share in profits paid to minority shareholders	0	0	0	0
9. Outflows related to the distribution of profit other than payments to owners	0	0	0	0
10. Acquisition of treasury shares	0	0	0	0
11. Other financial outflows	21 145	87 253	13 404	65 477
D. TOTAL NET CASH FLOW (A.III+/-B.III+/-C.III)	**-315 170**	**-1 695 108**	**-1 113 255**	**1 828 026**
E. BALANCE SHEET CHANGE IN CASH	**-315 170**	**-1 695 108**	**-1 113 255**	**1 828 026**
F. CASH AT PERIOD BEGINNING	**2 635 090**	**4 015 028**	**5 075 221**	**2 133 940**
G. CASH AT PERIOD END (F+/-D)	**2 319 920**	**2 319 920**	**3 961 966**	**3 961 966**
- restricted cash	509 457	509 457	571 363	571 363

SEPARATE FINANCIAL STATEMENTS OF KREDYT BANK S.A.

1. INCOME STATEMENT

in PLN '000	4th quarter of 2005 01.10- 31.12.2005	4 quarters of 2005 01.01- 31.12.2005	4th quarter of 2004 01.10- 31.12.2004	4 quarters of 2004 01.01- 31.12.2004
Interest income	348 526	1 376 380	320 423	1 250 626
Interest expense	-144 016	-680 702	-189 766	-683 614
Net interest income (I-II)	**204 510**	**695 678**	**130 657**	**567 012**
Fee and commission income	94 997	336 720	137 263	494 892
Fee and commission expense	-30 431	-100 504	-35 399	-160 207
Net fee and commission income	**64 566**	**236 216**	**101 864**	**334 685**
Dividend income	0	780	0	360
Net trading income	30 104	141 974	30 500	112 102
Profit (loss) from investment activities	59	-4 406	-2 799	40 680
Other operating income	19 481	58 836	29 531	60 398
Total operating income	**318 720**	**1 129 078**	**289 753**	**1 115 237**
General and administrative expenses	-208 252	-800 986	-218 865	-865 923
Net impairment charges for financial assets, other assets and provisions	-24 548	29 623	-16 779	-80 033
Other operating expenses	-15 562	-49 909	-13 158	-42 597
Total operating expense	**-248 362**	**-821 272**	**-248 802**	**-988 553**
Net operating income	**70 358**	**307 806**	**40 951**	**126 684**
Profit before tax	**70 358**	**307 806**	**40 951**	**126 684**
Income tax expense	20 736	101 708	-555	-156
Net profit from discontinued operations	0	974	0	
Net profit	**91 094**	**410 488**	**40 396**	**126 528**
Weighed average number of shares		271 658 880		243 783 743
Earnings per share per the Bank's shareholders (in PLN)		1,51		0,52

2. BALANCE SHEET

in PLN '000	31.12.2005 end of the 4th quarter 2005	30.09.2005 end of the 3rd quarter 2005	31.12.2004 end of the 4th quarter 2004
ASSETS			
Cash and balances with Central Bank	607 069	684 788	1 512 560
Gross due from other banks	2 229 548	2 777 268	2 699 801
Allowances for impairment losses of dues from banks	-2 894	-2 894	-3 194
Financial assets measured at fair value through profit and loss account, including held-for-trading assets	703 888	613 144	527 835
Loans and advances to customers	12 192 581	12 616 755	14 004 213
Allowances for impairment losses of loans and advances	-2 319 248	-2 546 152	-2 487 498
Investments in securities:	6 709 651	5 748 152	3 912 669
- available for sale	4 417 819	3 502 555	2 449 998
- held to maturity	2 291 832	2 245 597	1 462 671
Equity investments classified as available for sale	128 215	123 878	125 745
Property and equipment	341 065	323 419	360 873
Intangible assets	110 557	115 327	138 720
Deferred tax assets	168 621	270 165	67 274
Other assets	149 555	186 102	184 972
TOTAL ASSETS	**21 018 608**	**20 909 952**	**21 043 970**
LIABILITIES			
Due to banks	2 562 167	2 632 737	1 125 115
Held-for-trading financial liabilities	220 155	242 664	233 932
Due to customers	14 592 699	14 667 183	16 021 358
Issued debt securities	402 435	407 726	418 150
Securities sold under repurchase agreements ('repo")	368 701	165 487	718 772
Income tax liability	0	0	0
Other liabilities	476 207	355 778	326 503
Subordinated liabilities	589 581	595 390	599 286
Provisions	77 072	66 994	36 538
Deferred tax liabilities	69 873	195 673	67 274
TOTAL LIABILITIES	**19 358 890**	**19 329 632**	**19 546 928**

EQUITY	31.12.2005 end of the 4th quarter 2005	30.09.2005 end of the 3rd quarter 2005	31.12.2004 end of the 4th quarter 2004
Share capital	1 358 294	1 358 294	1 358 294
Share premium	0	0	350 910
Revaluation reserve	15 928	27 624	-20 247
Currency translation differences from the translation of subordinated companies and foreign branches	0	0	0
Reserves	120 942	120 942	173 779
Retained earnings (losses)	-245 934	-245 934	-492 222
Current net profit	410 488	319 394	126 528
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK	**1 659 718**	**1 580 320**	**1 497 042**
TOTAL EQUITY	**1 659 718**	**1 580 320**	**1 497 042**
TOTAL LIABILITIES AND EQUITY	**21 018 608**	**20 909 952**	**21 043 970**
Capital adequacy ratio (%)	16,39	16,18	14,40
Number of shares	271 658 880	271 658 880	271 658 880
Book value per share	6,11	5,82	5,51

3.OFF-BALANCE SHEET ITEMS

in PLN '000	31.12.2005 end of the 4th quarter 2005	30.09.2005 end of the 3rd quarter 2005	31.12.2004 end of the 4th quarter 2004
Contingent liabilities, granted and received	4 300 859	4 576 204	5 867 635
Liabilities granted, including:	3 788 786	3 414 571	5 349 060
- financial	2 660 911	2 438 022	2 178 284
- guarantees	1 127 875	976 549	3 170 776
Liabilities received, including:	512 073	1 161 633	518 575
- financial	12 699	651 580	55 284
- guarantees	499 374	510 053	463 291
Liabilities related to the sale/purchase transactions	79 905 636	90 912 757	31 099 032
Other:	3 068 907	3 227 700	3 661 768
- received collateral and guarantees	3 068 815	3 227 608	3 661 677
- other	92	92	91
TOTAL OFF-BALANCE SHEET ITEMS	**87 275 402**	**98 716 661**	**40 628 435**

4. STATEMENT OF CHANGES IN EQUITY

Changes in the period from 1 October to 31 December of 2005

in PLN '000	Share capital	Share premium	Revaluation reserve	Reserves	Other reserves	Retained earnings (losses)	Current net profit	Total equity
Equity at opening balance as of 01.10.2005 according to IFRS	**1 358 294**	**0**	**27 624**	**120 942**	**0**	**-245 934**	**319 394**	**1 580 320**
Changes in equity:	**0**	**0**	**-11 696**	**0**	**0**	**0**	**0**	**-11 696**
- costs of share issue								0
- valuation of financial assets			-14 709					-14 709
- other changes								0
- deferred tax			3 013					3 013
Net profit/loss							**91 094**	**91 094**
Equity at period end (closing balance)	**1 358 294**	**0**	**15 928**	**120 942**	**0**	**-245 934**	**410 488**	**1 659 718**

Changes in the period from 1 January to 31 December of 2005

in PLN '000	Share capital	Share premium	Revaluation reserve	Reserves	Other reserves	Retained earnings (losses)	Current net profit	Total equity
Equity at opening balance as of 01.01.2005 according to the Polish Accounting Standards (PAS)	**1 358 294**	**350 910**	**-19 282**	**173 779**	**0**	**-403 747**	**0**	**1 459 954**
Adjustments related to IFRS first-time adoption			27 341			-245 934		**-218 593**
Equity at opening balance as of 01.01.2005 according to IFRS	**1 358 294**	**350 910**	**8 059**	**173 779**	**0**	**-649 681**	**0**	**1 241 361**
Changes in equity:	**0**	**-350 910**	**7 869**	**-52 837**	**0**	**403 747**	**0**	**7 869**
- covering the retained loss		-350 910		-52 837		403 747		0
- valuation of financial assets			11 376					11 376
- other changes			-40					-40
- deferred tax			-3 467					3 467
Net profit/loss							**410 488**	**410 488**
Equity at period end (closing balance) – as of 31.12.2005	**1 358 294**	**0**	**15 928**	**120 942**	**0**	**-245 934**	**410 488**	**1 659 718**

Changes in the period from 1 January to 31 December of 2004

in PLN ‘000	Share capital	Share premium	Revaluation reserve	Currency translation differences from the translation of subordinated companies and foreign branches	Reserves	Other reserves	Retained earnings (losses)	Current net profit	Total equity
Equity at opening balance as of 01.01.2004 according to the Polish Accounting Standards (PAS)	**1 056 451**	**1 020 023**	**-46 861**	**0**	**173 779**	**62 000**	**-1 620 911**	**0**	**644 481**
Adjustments related to IFRS first-time adoption			-6 565	10 757			96 701		100 893
Equity at opening balance as of 01.01.2004 according to IFRS	**1 056 451**	**1 020 023**	**-53 426**	**10 757**	**173 779**	**62 000**	**-1 524 210**	**0**	**745 374**
Changes in equity:	**301 843**	**-669 113**	**33 179**	**-10 757**	**0**	**-62 000**	**1 031 988**	**0**	**625 140**
- issue of W series shares	301 843								301 843
- share issue above share nominal value		301 843							301 843
- costs of share issue		-989							-989
- covering the retained loss		-969 988				-62 000	1 031 988		0
- valuation of financial assets			33 318						33 318
- decrease in currency translation differences				-10 757					-10 757
- other changes		21	-139						-118
Net profit according to PAS								**185 176**	**185 176**
Adjustments related to first-time adoption of IFRS								-58 648	**-58 648**
Equity at period end (closing balance) – as of 31.12.2004	**1 358 294**	**350 910**	**-20 247**	**0**	**173 779**	**0**	**-492 222**	**126 528**	**1 497 042**

5 . CASH FLOW STATEMENT

in PLN '000	4th quarter of 2005 01.10- 31.12.2005	4 quarters of 2005 01.01- 31.12.2005	4th quarter of 2004 01.10- 31.12.2004	4 quarters of 2004 01.01- 31.12.2004
A. Net cash flow from operating activities (I+/-II) - indirect method	**475 372**	**1 775 895**	**-936 350**	**1 139 092**
I. Net profit (loss)	**91 094**	**410 488**	**40 396**	**126 528**
II. Total adjustments	**384 278**	**1 365 407**	**-976 746**	**1 012 564**
Depreciation	28 727	125 694	35 459	148 212
Profit/loss from currency translation differences	-27 095	-62 090	-81 297	-192 748
Interest payments and share in net profit	-84 514	-161 591	-79 233	-8 808
Profit (loss) from investments	1 264	8 567	-7 675	-9 845
Dividends	0	-780	0	-360
Net increase/decrease in provisions	10 078	40 534	-1 531	-8 091
Net increase/decrease in debt securities	-89 239	637 175	150 827	213 915
Net increase/decrease in amounts due from banks	293 756	-297 814	-65 350	-158 938
Net increase/decrease in loans and advances to customers	197 270	1 374 621	168 999	2 937 076
Net increase/decrease in shares, other securities and other financial assets	-2 765	2 848	117 969	176 809
Net increase/decrease in amounts due to banks	-175 114	1 377 741	-561 588	-871 580
Net increase/decrease in amounts due to customers	-74 484	-1 426 507	-639 936	-1 619 489
Net increase/decrease in liabilities related to the securities sold under repurchase agreement ('repo')	179 854	-362 785	291 434	716 664
Net increase/decrease in other liabilities	127 967	160 552	-418 432	-230 606
Net increase/decrease in prepayments and accruals	1 378	3 821	-7 499	-1 750
Paid /received income tax	-48	507	370	-12 080
Other adjustments	-2 757	-55 086	-37 729	-65 817
B. Net cash flow from investing activities (I+/-II) - indirect method	**-900 826**	**-3 443 832**	**103 924**	**554 813**
I. Inflows	**12 272 748**	**43 606 145**	**4 333 030**	**10 598 111**
Disposal of shares in subsidiaries	0	0	0	114 429
Disposal of shares in associates	0	0	0	270
Disposal of shares in other businesses, of other securities and other financial assets	12 273 370	43 600 669	4 182 876	10 328 780
including debt securities	12 260 577	43 508 706	4 101 591	10 198 055
Disposal of intangible assets and property, plant and equipment	166	4 696	142 359	146 477
Dividends received	0	780	0	360
Other inflows from investments	-788	0	7 795	7 795
II. Outflows	**13 173 574**	**47 049 977**	**4 229 106**	**10 043 298**
Acquisition of shares in subsidiaries	15 000	15 000	0	100
Acquisition of shares in other businesses, other securities and other financial assets	13 135 166	46 965 215	4 225 676	10 027 459
including debt securities	13 135 071	46 965 120	4 225 508	10 027 239
Acquisition of intangible assets and property, plant and equipment	23 408	69 762	6 847	15 739
Other investment outflows	0	0	-3 417	0

C. Net cash flow from financing activities (I+/-II)	**96 637**	**-5 321**	**-304 819**	**221 259**
I. Inflows	**199 465**	**996 140**	**0**	**672 697**
Long-term loans from other banks	199 465	996 140	0	0
Net cash inflows from the issue of shares and additional contribution to the share capital	0	0	0	602 697
Issue of debt securities	0	0	0	70 000
Other financial inflows	0	0	0	0
II. Outflows	**102 828**	**1 001 461**	**304 819**	**451 438**
Repayments of long-term loans to other banks	74 709	886 286	281 390	281 390
Finance lease rentals	6 974	27 922	10 025	44 571
Decrease in subordinated liabilities	0	0	0	60 000
Other financial outflows	21 145	87 253	13 404	65 477
D. Total net cash flow (A+/-B+/-C)	**-328 817**	**-1 673 258**	**-1 137 245**	**1 915 164**
E. Balance sheet change in cash, including:	-328 817	-1 673 258	-1 137 245	1 915 164
F. Cash at period beginning	2 577 618	3 922 059	5 059 304	2 006 895
G. Cash at period end (F+/- D), including:	2 248 801	2 248 801	3 922 059	3 922 059
restricted cash	509 457	509 457	571 363	571 363