



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

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Notes to the Interim Consolidated Financial Statements of Kredyt Bank Capital Group for the second quarter of 2007

1. Basis of preparation

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

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

The interim consolidated financial report for the second quarter of 2007 has been prepared in line with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in the version being in force as at the date of its' preparation. Specifically, this report has been prepared in accordance with IAS 34 Interim Financial Reporting and matters not governed by IFRS must comply with the Act and the provisions of the Ordinance by the Minister of Finance dated 19 October 2005 on current and interim information provided by issuers of securities (Journal of Laws of 2005, No. 209, item 1744).

2. Group's financial standing at the end of the second quarter of 2007

Net profit of PLN 181.6 million generated by the Group in the first half of 2007 is the evidence that the strategy adopted by the Management Board focused on the development of selected business areas as well as a continuous restructuring of the operating activities and the assets is bringing to the shareholders measurable results.

2.1. Financial result

Group's net profit and profit before tax

The Group's net profit in the first half of 2007 amounted to PLN 181,621 thousand, while net profit generated in the first half of 2006 amounted to PLN 296,403 thousand. The profit before tax in the first half of 2007 amounted to PLN 230,872 thousand, as compared to PLN 289,119 thousand in the first half of 2006.

The decrease in the profit before tax generated in the first half of 2007 as compared to the first half of 2006, resulted mainly from the sale transaction of receivables effected in the second quarter of 2006. The total income from the sale of receivables amounted then to PLN 145,388 thousand. The lower net profit for the first half of 2007, as compared to the first half of 2006, is also connected with the tax

charge for the first half of 2007 amounting to PLN 49,251 thousand, as compared to tax credit recognised in the first half of 2006 amounting to PLN 7,284 thousand.

With respect to all other categories of operating income and expenses, in the first half of 2007, as compared to the first half of 2006, the increase was observed which resulted from the increasing business activity.

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

<i>in '000 PLN</i>	2nd quarter 2007	Two quarters 2007	2nd quarter 2006	Two quarters 2006
Net interest income	207 827	406 547	185 346	392 961
Net fee and commission income	85 889	149 425	61 605	121 408
Net income from trading and investment activities(*)	37 467	77 022	36 163	65 582
Net income from sale of receivables	3 357	11 313	145 388	145 388
Net income from other operating income/expenses	6 919	15 431	1 427	8 813
Total income	341 459	659 738	429 929	734 152
General and administrative expenses	-238 071	-453 895	-218 665	-437 732
Net impairment losses for financial assets and other assets and provisions	22 935	22 560	-4 609	-8 857
Profit before tax (**)	127 651	229 731	207 405	288 313
Income tax	-27 752	-49 251	472	7 284
Net profit	99 869	181 621	208 245	296 403

(*) Including net result on derivatives used as hedging instruments and hedge items

(**) The table does not include income from dividend and share in profits of associates

Net interest, fee and commission income

Net interest income generated by the Group in the first half of 2007 amounted to PLN 406,547 thousand, i.e. it was by 3.5% higher than the corresponding figure generated in the first half of 2006.

Net fee and commission income generated in the first half of 2007 amounted to PLN 149,425 and was higher by 23.1% than the corresponding figure generated within the analogous time of the previous year.

The higher income on interest, fee and commission was directly affected by the increase in the loan portfolio and deposits from customers/clients.

Net income from trading and investment activities

Net income from trading and investment activities including net result on derivatives used as hedging instruments and hedged items in the first half of 2007 amounted to PLN 77,022 thousand as compared to PLN 65,582 thousand recorded in the analogous period of 2006.

That result includes the income from trading and investment activities including the profit from sale of Stalexport shares which were classified to available-for-sale portfolio.

As of 30.06.2007, the Group applied:

- the hedge accounting of the fair value of bonds portfolio with the nominal value of PLN 25,389 thousand;
- the hedge accounting of cash flows of:
 - the bonds portfolio with the nominal value of PLN 186,000 thousand;
 - the loan portfolio with the nominal value of PLN 1,000,000 thousand.

Net income from sale of receivables

On 14 April 2006, the Bank signed with the external party (BEST & Non-Standardized Closed-end Securitization Investment Fund) the contract for the sale of receivables portfolio belonging to the Bank and Żagiel. The maximum amount of the capital of the receivables sold was determined at PLN 1,044,771 thousand, which made that transaction the biggest one effected on the Polish market. As a result of signing the two disposing contracts on 9 and 16 June 2006, the capital of PLN 929,970 thousand was sold.

The total income on the sale of receivables in the first half of 2006 amounted to PLN 145,388 thousand as compared to the income of PLN 11,313 thousand generated in the first half of 2007. In the first half of 2007, the Group did not effect any significant single transaction of the sale of receivables.

General and administrative expenses

Following the first half of 2007, the Group's general and administrative expenses amounted to PLN 453,895 thousand and, as compared to the corresponding period of 2006, they increased by 3.7%.

The biggest increase was observed in the salary-related expenses and employee benefits. After the first half of 2007, the employee-related expenses increased by 11.2% against the figures recorded in the first half of 2006, which is related to the implementation of an active HR policy concerning, first and foremost, supporting selling activities through bonus systems and awards for accomplishment of sales targets.

Cost/income ratio (CIR)

Cost/income ratio for the first half 2007 amounted to 68.7% which means the increase against the corresponding period of 2006 by 9.1 p.p. The lower ratio achieved in the first half of 2006 resulted from the income recognised on the sale of receivables.

<i>in %</i>	2nd quarter 2007	Two quarters 2007	2nd quarter 2006	Two quarters 2006
Cost/income ratio (CIR)	69.5%	68.7%	50.8%	59.6%

Net impairment losses on financial assets, other assets and provisions

At the end of the first half of 2007, the Group generated the positive balance of net impairment charges for the loss of financial assets and other assets and provisions of PLN 22,560 thousand. The release of provisions was the effect of, among others, effective restructuring and collection activities with respect to impaired loans.

Income tax from legal persons

In the Bank, at the end of the first half of 2007, the income tax from legal persons equalled to PLN 52,986 thousand. The Bank reached a positive tax base which resulted in the current tax paid in the amount of PLN 43,905 thousand. At the same time, a deferred tax impacted the Bank's financial result in the amount of PLN 9,081 thousand. The total income tax charge in the Group, in the first half of 2007 amounted to PLN 49,251 thousand as compared tax credit of PLN 7,284 thousand recognized by the Group in the first half of 2006.

2.2. Standalone financial result of the Bank

The difference between the standalone and consolidated net profit amounting to PLN 1,717 thousand results from the adopted accounting policy concerning the valuation of shares of subsidiaries and associates in the standalone financial statement. Shares are recognised in the standalone financial statement as available-for-sale assets at cost less impairment, therefore excluding the surplus of net assets value over their cost. Under IAS 39, impairment charges for equity investments recognised at historical cost are not reversed. Therefore, an increase in net assets value of subsidiaries is not reflected in the valuation of their shares in the standalone financial statement.

2.3. Assets and liabilities

Gross loans and advances to customers

Over the last months, the Group recorded an increase in the portfolio of gross loans and advances to customers. The value of gross loans and advances to customers, at the end of 2nd quarter of 2007, increased by 9.4% as compared to the first quarter of 2007, and by 18.9% as compared to the corresponding period in the previous year.

A dynamic growth was observed both in retail loans as well as the corporate loans. The high sale rate was especially observed in the sales of mortgage loans.

Investment securities portfolio

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

Customers' deposits portfolio

In the first half of 2007, the customers' deposits portfolio increased by 16.6% as compared to the first half of 2006 and by 4.6% as against the figures recorded in the first quarter of 2007.

2.4. Improvement in the quality of receivables portfolio

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

Over the second quarter of 2007, the value of impaired loans i.e. for which individual evidence of impairment was identified, decreased by 6.1%, within the first half of 2007 by 10.2%, and by 41.2% over the last 12 months. As a result, in the second quarter of 2007, the quality ratio for the Group's gross receivables portfolio improved by 1.7 p.p., by 2.9 p.p. within the first half of 2007 and by 10.8 p.p. over the last 12 months.

According to the method of presenting the quality of the receivables portfolio applied in KBC Group, non-performing loans (NPL) were separated from the portfolio of loans for which individual evidence of impairment was identified. NPLs are defined as loans for which the repayment of interest or principal is delayed for more than 90 days.

In the second quarter of 2007, the quality ratio for the Group's NPL portfolio improved by 0.7 p.p., by 1.7 p.p. over the last 6 months, and by 6.6 p.p. over the last year.

The Group, when estimating credit risk for individual credit exposures and loan portfolios, follows the prudence concept. As of 30.06.2007, the coverage ratio for loans with individual evidence of impairment remains high – 61.1%, and the coverage ratio for NPL amounted to 76.7%.

<i>in '000 PLN</i>	30.06.2007	31.03.2007	31.12.2006	30.06.2006
Receivables with no individual evidence of impairment	12 973 110	11 622 847	10 932 092	9 588 227
Receivables with individual evidence of impairment	1 536 387	1 635 961	1 711 751	2 613 819
including: NPL	1 069 625	1 077 649	1 149 714	1 708 284
Total gross loan and advances to customers	14 509 497	13 258 808	12 643 843	12 202 046
Impairment for loans and advances to customers	992 564	1 058 014	1 087 462	1 774 758
including:				
impairment for receivables with individual evidence of impairment	938 449	1 000 720	1 030 165	1 726 513
including:				
Impairment charges for NPL	820 447	825 491	850 551	1 354 248
Total net loans and advances to customers	13 516 933	12 200 794	11 556 381	10 427 288
The share of receivables with individual evidence of impairment in total gross receivables	10.6%	12.3%	13.5%	21.4%
Share of NPL in total gross receivables	7.4%	8.1%	9.1%	14.0%
Coverage of receivables with individual evidence of impairment with impairment losses	61.1%	61.2%	60.2%	66.1%
Coverage of NPL with impairment losses	76.7%	76.6%	74.0%	79.3%
Coverage of gross loans and advances to customers with impairment losses	6.8%	8.0%	8.6%	14.5%

2.5. Capital adequacy ratio

The capital adequacy ratio, calculated in compliance with regulations of the National Bank of Poland in force, as of 30.06.2007 amounted to 11.29% as compared to 15.96% recorded as of 30.06.2006 and 13.56% as of 31.03.2007.

2.6. Income and results by segments

The KB Group's operations, similarly to previous reporting periods, have been split into four primary business segments: Corporate Banking, Retail Banking, Treasury and Investments. The Bank does not carry on diversified operations in respect of geographical areas. The operations are concentrated on the Polish market; the primary client base includes Polish natural persons and economic entities and foreign clients operating on the Polish market.

Corporate Segment

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

Retail Segment

Retail Segment offers products addressed at individual customers as well as Small and Medium-sized Enterprises (SME), whose annual income from sales does not exceed PLN 16 million. The offer contains a wide range of deposit and loan products, insurance products (bancassurance and assurebanking) offered in co-operation with WARTA S.A. as well as clearing services. This offer is directed at customers through traditional channels of distribution via the Bank's countrywide network of branches as well as the Internet network - KB24. The results of this segment also comprise the result of Żagiel S.A. (Consumer Finance) specializing in the sale of instalment loans as well as in intermediation in the distribution of the selected services included in the Bank's and WARTA's offers. Moreover, the Bank's offer for this segment includes also products offered by KBC TFI in the area of sale of units in investment funds.

Treasury Segment

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

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'.

Consolidated net profit for the two quarters of 2007 – by business segments

in PLN '000

	Corporate Segment	Retail Segment	Treasury Segment	Investment Segment	Other	Exclusions	Total
1. Segment income (external)	243 211	491 275	261 832	37 452	19 248	-31 164	1 021 854
2. Segment income (internal)	97 919	259 053	259 341	0	7	-616 320	0
3. Total segment income	341 130	750 328	521 173	37 452	19 255	-647 484	1 021 854
4. Segment expenses (external)	-79 893	-223 041	-109 676	-23 420	-11 842	31 164	-416 708
4a. Allocated expenses	-55 269	-321 193	-5 026	-670	-15 817	0	-397 975
5. Segment expenses (internal)	-125 687	-126 954	-356 979	-2 356	-4 344	616 320	0
6. Total segment expenses	-260 849	-671 188	-471 681	-26 446	-32 003	647 484	-814 683
7. Segment operating profit	80 281	79 140	49 492	11 006	-12 748	0	207 171
8. Net impairment changes for financial assets, other assets and provisions	60 880	-35 119	0	-3 201	0	0	22 560
9. Share of profit of associates measured with the equity method	0	0	0	1 141	0	0	1 141
10. Segment result	141 161	44 021	49 492	8 946	-12 748	0	230 872
11. Income tax							-49 251
12. Net profit/loss							181 621

Group consolidated net profit for the two quarters of 2006 – by business segments*in PLN '000*

	Corporate Segment	Retail Segment	Treasury Segment	Investment Segment	Other	Exclusions	Total
.1. Segment income (external)	209 414	446 935	234 625	33 235	145 172	-36 547	1 032 834
2. Segment income (internal)	79 316	217 808	206 001	0	4	-503 129	0
3. Total segment income	288 730	664 743	440 626	33 235	145 176	-539 676	1 032 834
4. Segment expenses (external)	-65 285	-188 704	-95 079	-19 868	-11 252	36 547	-343 641
4a. Allocated expenses	-53 063	-314 921	-4 956	-416	-18 667	0	-392 023
5. Segment expenses (internal)	-104 271	-98 386	-297 128	-3 344	0	503 129	0
6. Total segment expenses	-222 619	-602 011	-397 163	-23 628	-29 919	539 676	-735 664
7. Segment profit	66 111	62 732	43 463	9 607	115 257	0	297 170
8. Net impairment changes for financial assets, other assets and provisions	64 527	-57 385	0	-3 657	-12 342	0	-8 857
9. Segment share in profit of associates	0	0	0	806	0	0	806
10. Segment result	130 638	5 347	43 463	6 756	102 915	0	289 119
12. Income tax							7 284
13. Net profit/loss							296 403

2.7. Corporate banking

In the second quarter of 2007, the activities promoting the Bank's services were continued. The aim of the campaign was to increase KB's shares in the corporate clients segment and to strengthen the Bank's image as a bank easily accessible, offering the highest quality of services which provides complex customer service for big companies. As a result of the campaigns carried out, the credit portfolio of corporate clients was steadily growing in 2006 and in the first half of 2007.

<i>in PLN '000</i>	2nd quarter 2007	1st quarter 2007	4th quarter 2006	3rd quarter 2006	2nd quarter 2006
Gross value of the portfolio of performing loans at the end of the quarter (*)	5 637 176	5 075 270	4 829 965	4 727 777	4 322 769

(*)Corporate clients according to the split used in management reporting

In 2006 and the first half of 2007 an increase in corporate customer deposits was observed. The increase in the 2nd quarter of 2007 was connected in particular with the advance payments for the purchase of units of investment funds in the process of registration.

<i>in PLN '000</i>	30.06.2007	31.03.2007	31.12.2006	30.09.2006	30.06.2006
- in current account	2 258 001	2 050 775	2 030 284	2 230 946	1 864 383
- term deposits	2 842 530	2 097 642	1 926 611	1 687 171	1 685 718
Total (*)	5 100 531	4 148 417	3 956 895	3 918 117	3 550 101

(*)Corporate clients according to the split used in management reporting. The item does not include: amounts due to individual entrepreneurs, individual farmers, non-commercial institutions providing services for households, governmental entities and interest.

2.8. Retail and SME banking

Retail and cash loans

The sales of retail loans through Żagiel's distribution network in the second quarter of 2007 amounted to PLN 481 million, i.e. increased by 19.3% as compared to the first quarter of 2007 and increased by 22.5% as against the second quarter of 2006. In comparison with the first quarter of 2007, the number of loans granted increased from 220 thousand to 247 thousand in the second quarter of 2007, whereas it went up by 16 thousand loans as against the second quarter of 2006. The gross value of the portfolio increased by 5.8% as compared to the first quarter of 2007, and by 21.2% against the figures recorded in the second quarter of 2006.

<i>in PLN '000</i>	2nd quarter 2007	1st quarter 2007	4th quarter 2006	3rd quarter 2006	2nd quarter 2006
Żagiel - installment and cash loans (*)					
Number of loans granted in the quarter (in '000')	247	220	290	237	231
Value of loans granted in the quarter	480 733	402 980	526 670	416 249	392 305
Gross value of the portfolio at the end of the quarter	1 400 392	1 323 960	1 322 222	1 176 830	1 155 833

(*) Installments and cash loans according to the split used in management reporting.

Mortgage loans

In the second quarter of 2007 the Bank granted 7.5 thousand of mortgage loans for the total amount of PLN 1,248 million, which involves over two-fold volume increase as compared to the first quarter of 2007 and individual quarters of 2006. The gross value of the mortgage loans portfolio grew by 18.5% as compared to the first quarter of 2007, and by 66.9% as against the corresponding period of the previous year.

<i>in '000 PLN</i>	2nd quarter 2007	1st quarter 2007	4th quarter 2006	3rd quarter 2006	2nd quarter 2006
Mortgage loans					
Number of loans granted in the quarter (in '000')	7,5	3,9	5,0	4,3	4,3
Value of loans granted in the quarter	1 247 959	532 176	659 395	526 971	535 224
Gross value of the portfolio at the end of the quarter (*)	4 233 672	3 573 239	3 163 274	2 855 240	2 536 025

(*) Mortgage loans according to the split used in the financial reporting. The item includes: loans to private persons, individual entrepreneurs, individual farmers.

Current accounts for individual clients

On 30.06.2007, a number of current accounts increased by 1.3% in relation to 31.03.2007, and by 4.5% as compared to the figures recorded on 30.06.2006. The carrying value of current accounts for individual clients grew by 7.2% as compared to the first quarter of 2007, and by 27.7% as against the second quarter of 2006.

<i>in PLN '000</i>	30.06.2007	31.03.2007	31.12.2006	30.09.2006	30.06.2006
ROR accounts					
Number (in '000')	558	551	552	543	534
Carrying value (*)	1 167 449	1 088 775	1 020 146	938 845	914 055

(*) ROR according to the split used in the management reporting

Savings accounts for individual customers

At the end of the second quarter of 2007, the number of savings accounts increased by 8.4% as against the end of the 1st quarter of 2007, and by 48.2% compared to the corresponding period of 2006. The value of cash deposits, as at the end of the second quarter of 2007, was approximately PLN 4.5 billion, which represents an increase by 2.6% as compared to the end of the first quarter of 2007, and by 69.0% as compared to the end of the second quarter of 2006.

<i>in PLN '000</i>	30.06.2007	31.03.2007	31.12.2006	30.09.2006	30.06.2006
Savings Accounts					
Number (in '000')	283	261	237	214	191
Carrying value (*)	4 482 363	4 370 142	3 864 597	3 239 578	2 651 620

(*) Savings accounts according to the split used in the management reporting.

Credit cards

At the end of the second quarter of 2007, as compared to the end of the first quarter of 2007, the number of credit cards issued increased by 12.9%, whereas the growth of 75.6% was recorded as compared to the end of the second quarter of 2006.

<i>in '000</i>	30.06.2007	31.03.2007	31.12.2006	30.09.2006	30.06.2006
Credit cards (KB and Żagiel)	158	140	123	104	90

Electronic distribution channels

The number of users of electronic distribution channels has been growing systematically. As of 30.06.2007 the number of KB24 users was equal to 252 thousand. The number of users grew by 5.0% as compared to the figures as at 31.03.2007, and by 26.0% as against the end of 30.06.2006. The number of money transfers made via KB24 went up by 4.3% in comparison with the first quarter of 2007, and by 34.4% when compared to the second quarter of 2006.

<i>in '000</i>	30.06.2007	31.03.2007	31.12.2006	30.09.2006	30.06.2006
Number of KB24 users	252	240	228	213	200
Number of transfers via KB24 in the quarter	2 892	2 774	2 614	2 223	2 152

Offer for SME segment

At the end of the second quarter of 2007, the value of credits granted to small and medium-sized enterprises increased by 8.5% in comparison with the end of the first quarter of 2007, and by 28.1% as compared to the second quarter of 2006. As of the end of the second quarter of 2007, the value of funds on current accounts of SME clients was higher by 24.0% than in the analogous period of 2006, and higher by 7.4% as compared to the first quarter of 2007.

<i>in PLN '000</i>	30.06.2007	31.03.2007	31.12.2006	30.09.2006	30.06.2006
Loans for SME (*)	766 309	706 287	645 543	631 641	598 372
Current accounts for SME (*)	1 270 902	1 183 643	1 241 458	1 110 699	1 024 600

(*) According to the split used in management reporting.

Number of Bank's outlets

In the first half of 2007, the programme of the retail network was continued as a result of which another outlets were opened.

<i>in units</i>	30.06.2007	31.03.2007	31.12.2006	30.09.2006	30.06.2006
Outlets	363	352	336	333	332

2.9. Investment funds and insurance capital funds

The total value of net assets in investment funds (including those unregistered) sold, as of 30.06.2007, via the Bank's distribution network amounted to PLN 3,965,332 thousand. In comparison with the balance as of 31.03.2007, it represents an increase by 18.5%, and by 75.2% as compared to the figures as of 30.06.2006.

<i>in PLN '000</i>	30.06.2007	31.03.2007	31.12.2006	30.09.2006	30.06.2006
Net assets in funds (including those unregistered) sold via the Bank's distribution network	3 965 332	3 347 216	3 062 628	2 718 009	2 263 576
Net assets in funds (excluding those unregistered) sold via the Bank's distribution network	3 248 864	3 214 130	3 007 849	2 677 790	2 263 576

As of the end of the second quarter of 2007, KBC TFI S.A. managed the total assets amounting to PLN 7.5 billion.

The value of assets in investment funds managed by KBC TFI amounted to PLN 4.4 billion, which, as at the end of the second quarter of 2007, accounted for the Society's market share of 3.1%. The Society was ranked tenth among all Investment Fund Societies in Poland.

The second quarter of 2007 was yet another period for KBC TFI of intensive works on the development of its product offer. As of the end of the second quarter of 2007, KBC TFI S.A. managed 28 investment funds.

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

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

3. Information on dividend

On 05.06.2007, the Ordinary General Meeting of Shareholders of Kredyt Bank S.A. passed a resolution concerning the distribution of profit for 2006. The net profit for the financial year 2006, which amounted to PLN 437,442,933.29 was designated for:

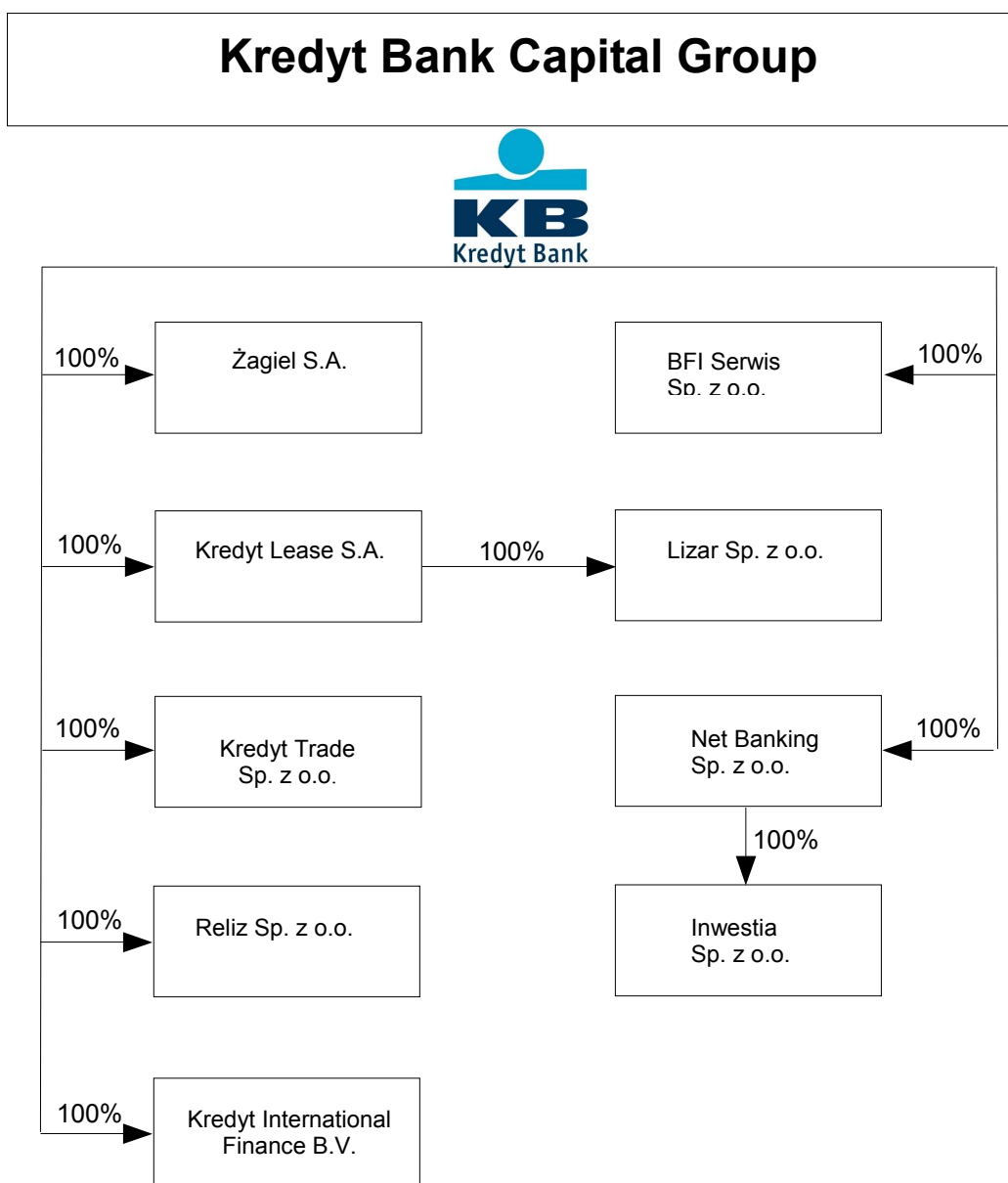
- reserves in the amount of PLN 60,000,000.00;
- payment of dividend of PLN 100,513,785.60;
- the remaining amount of PLN 276,929,147.69 for the reserve capital of the Bank.

The payment of dividend was effected on 18.07.2007.

4. Group's structure

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

Below, we present the composition and ownership structure of the Group as of 30.06.2007.



As of 30.06.2007 the following companies were consolidated with the full method: Kredyt Lease S.A., Kredyt International Finance B.V, Kredyt Trade Sp. z o. o., Żagiel S.A. and Reliz Sp. z o.o.

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

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

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

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

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

- measurement of financial assets and liabilities at amortized cost, with the application of the effective interest rate method;
- identification and measurement of impairment of financial assets measured at amortized cost and historical cost;
- deferred tax asset;
- provisions.

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

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

Effective interest rate method

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

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

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

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

Recognition of the measurement in the income statement

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

Pursuant to IAS 39, the settlement of commissions/fees and certain external expenses connected with financial instruments (with the use of the effective interest rate method or on a straight-line basis) depends on a type of a given instrument. In the case of financial instruments with fixed cash flows schedules, the method of the effective interest rate is applied. In the case of instruments with undefined cash flows schedules, it is impossible to calculate the effective interest rate and commissions/fees are settled on the straight-line basis over time.

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

The commissions/fees settled over time include, for instance, fees for approval of a loan application, commissions for granting a credit, commissions for releasing cash under loans, fees for establishing additional collateral, etc. Such commissions and fees constitute an integral part of the return generated by a specific financial instrument. This category also includes fees and expenses connected with changes of contractual terms, what modifies the value of the originally calculated effective interest rate. Any significant amendment to the conditions of a given financial instrument in economic terms is connected with the expiry of the financial instrument of the previous type and establishment of a new

instrument with different characteristics. The fees that are collected in this category include, among others, fees for preparing an annex changing a future cash flows schedule, fees for restructuring loan agreements, fees for postponement of payment dates, etc. The above-mentioned types of fees are deferred and amortised over time in the income statement by applying the effective interest rate method or on a straight-line basis, depending on a type of a product.

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

Interest income/expense

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

5.2. Impairment of assets measured at amortized cost

Loan receivables constitute the most important portion of financial assets recognised in the Group's balance sheet at amortized cost and subject to impairment loss. At each balance sheet date (at least once per quarter) the Group analyses whether there is an indication that a financial asset or group of financial assets is impaired. The financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset and that loss event or events has an impact on the estimated future cash flows generated by the financial asset or group of financial assets. Expected future losses are not taken into account in estimates of impairment.

If the Group identifies an objective evidence of impairment, the amount of the impairment loss is determined as the difference between the carrying amount of the loan and its economic value measured as the present value of estimated future cash flows discounted using the effective interest rate. The impairment loss is recognised in income statement.

Individual impairment is measured for all individually significant loan receivables if the objective evidence of the impairment is identified.

If no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it is included into a group of financial assets with similar credit risk characteristics and impairment is assessed on a portfolio basis. If in the subsequent periods there is no evidence that the impairment loss incurred, the previously recognised impairment loss is reversed through income statement.

Indications of impairment

The analysis of evidence for impairment is performed for individually significant loans as well as for portfolio (group) of loans.

The catalogue of objective evidence of impairment includes quantitative and qualitative data in static and dynamic terms, in relation to 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 pay off the debt.

The list of objective evidences of impairment includes impairment triggers with different level of significance: impairment may be evidenced by one evidence or a combination of several evidences.

In the case of receivables portfolios, the evidences concern the whole population of homogenous assets. These evidences may be identified, assessed and quantified in relation to the entire portfolios, not the individual receivables.

Measurement of individual impairment

Measurement of individual impairment is performed for all loan receivables for which individual evidence of impairment was identified. A process of estimating future, expected cash flows is carried out in a specially dedicated IT tool.

Expected future cash flows from collateral is estimated taking into account the recoverable/vindication amount of such collateral. The recoverable/vindication amount is calculated taking into account periodically verified adjusting ratios which are determined for each type of collateral on the basis of historical data on duration of the vindication processes as well as amounts recovered.

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

Measurement of portfolio impairment

If no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it is included into a group of financial assets with similar credit risk characteristics and impairment is assessed on a portfolio basis.

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

The portfolio impairment is measured on the basis of historical parameters of losses generated by the similar 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.

The process of estimating portfolio impairment is performed on a quarterly basis. The following indicators, apart from historical trends, exert a significant impact on the level of the portfolio impairment:

- a) fluctuations in the loan portfolios for which no individual impairment has not been 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.

5.3. Financial assets at fair value through profit or loss

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

- a) financial assets (or liabilities) which, at the time of their initial recognition, were designated by the Bank to be measured at fair value through profit or loss as these items are managed within a portfolio on the basis of the valuation at fair value;
- b) financial assets classified as held for trading, if they meet the following conditions:
- are acquired or contracted for the purpose of selling or repurchasing them in the near term;
 - constitute a portion of the portfolio of specific financial instruments managed jointly, for which there is a confirmation of actual formula of generating short-term profits, or
 - are derivative instruments (except for derivatives that are designated and effective hedging instruments).

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

For financial assets and liabilities recognised in the balance sheet at fair value, for which no active market is identified, the measurement is performed on the basis of generally accepted valuation models based on variables that can be observed in the market environment.

5.4. Hedge accounting

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

- at the inception of the hedge, hedging relationship and the Group's risk management objective and strategy have been formally designated and documented. The documentation identifies the hedging instrument, the hedged item or transaction and the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in fair value of a hedged item or cash flows attributable to the hedged risk,
- hedging is expected to be highly effective in achieving offsetting changes in fair value (or cash flows) attributable to the hedged risk, in accordance with initially documented risk management strategy related to a specific hedging relationship,

- hedge effectiveness can be assessed reliably, i.e. fair value or cash flows related to a hedged item, resulting from the risk hedged, and fair value of a hedging instrument can be reliably measured,
- hedge is assessed on an ongoing basis and is found highly effective in all reporting periods for which the hedge was designated.

A fair value hedge, meeting the conditions of hedge accounting, is recognised by the Group in the following manner:

- profits or losses resulting from overestimation of a fair value of a hedge derivative instrument is recognised in the profit and loss account;
- profits or losses connected with a hedged position, resulting from a risk hedged, correct a book value of a position hedged and are recognised in the profit and loss account.

Hedging of future cash flows, meeting the conditions of hedge accounting, is recognised by the Group in the following manner:

- a part of profits or losses connected with a hedging instrument which constitutes an effective hedge, is recognised directly in the equity capital;
- ineffective part of profits and losses connected with a hedging instrument is recognised in the profit and loss account.

5.5. Goodwill

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

5.6. Comparable data

The comparable data included in these financial statements includes the presentation changes which were introduced as of 30.06.2007.

	Published data	Changes	Comparable data	Clarifications
	31.03.2007		31.03.2007	
ASSETS				
Gross loans and advances to banks	1 617 057	12 970	1 630 027	a)
Gross loans and advances to customers	13 249 109	9 699	13 258 808	a)
Other assets	141 113	-22 669	118 444	a)
TOTAL ASSETS	21 707 811	0	21 707 811	

	Published data	Changes	Comparable data	Clarifications
	31.03.2007		31.03.2007	
LIABILITIES				
Amounts due to banks	2 024 464	11 358	2 035 822	a)
Amounts due to customers	16 260 930	137 299	16 398 229	a)
Other liabilities	349 686	-148 657	201 029	a)
Total liabilities	19 536 748	0	19 536 748	
TOTAL EQUITY AND LIABILITIES	21 707 811	0	21 707 811	

	Published data	Changes	Comparable data	Clarifications
	31.12.2006		31.12.2006	
ASSETS				
Gross loans and advances to banks	2 183 505	22 898	2 206 403	a)
Gross loans and advances to customers	12 637 506	6 337	12 643 843	a)
Other assets	145 574	-29 235	116 339	a)
TOTAL ASSETS	22 232 028	0	22 232 028	

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

	Published data	Changes	Comparable data	Clarifications
	30.06.2006		30.06.2006	
ASSETS				
Gross loans and advances to banks	1 979 530	9 999	1 989 529	a)
Financial assets at fair value through profit or loss including financial assets held for trading	564 659	-239 606	325 053	b)
Derivatives including:	0	239 606	239 606	b)
- derivatives used as hedging instruments	0	952	952	b)
Gross loans and advances to customers	12 197 580	4 466	12 202 046	a)
Non-current assets classified as held for sale	0	10 537	10 537	c)
Other assets	147 629	-25 002	122 627	a), c)
TOTAL ASSETS	21 263 523	0	21 263 523	

	Published data	Changes	Comparable data	Clarifications
	30.06.2006		30.06.2006	
LIABILITIES				
Amounts due to banks	2 830 304	7 012	2 837 316	a)
Held-for-trading financial liabilities	247 669	-247 669	0	b)
Derivatives including:	0	247 669	247 669	b)
- derivatives used as hedging instruments	0	900	900	b)
Amounts due to customers	14 571 037	134 456	14 705 493	a)
Other liabilities	352 496	-141 468	211 028	a)
Total liabilities	19 371 517	0	19 371 517	
TOTAL EQUITY AND LIABILITIES	21 263 523	0	21 263 523	

	Published data	Changes	Comparable data	Clarifications
	30.06.2006		30.06.2006	
INCOME STATEMENT				
Interest income	654 352	38	654 390	b)
Interest expense	-261 097	-332	-261 429	b)
Net interest income	393 255	-294	392 961	
Net trading income	63 395	-1 740	61 655	b)
Net result on derivatives used as hedging instruments and hedged items	0	679	679	b)
Profit (loss) from investment activity	1 893	1 355	3 248	b)
Gross profit	289 119	0	289 119	
Net profit	296 403	0	296 403	

Clarification of major reclassifications:

- reclassification of receivables and liabilities evidenced on settlement accounts;
- separation of valuation of derivative instruments, including: the valuation of hedging derivatives;
- separation of non-current assets classified as held for sale.

6. Information on major post-balance sheet events

On 23.07.2007, Kredyt Bank S.A. executed with a client, being a non-banking financial institution, the loan agreement of CHF 15 million. The total value of the agreements executed by the Bank with the said client, within the last 12 months, equals to PLN 191,633 thousand and therefore meets the criteria of a significant contract, as it exceeds 10% of the Bank's equity.

On 03.08.2007, Kredyt Bank S.A. executed with the borrower a revolving loan agreement for PLN 300,000 thousand, with the designation being for current financing of the borrower's activity.

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

In comparison with the information presented as of 31.03.2007 in the Interim Consolidated Financial Statements of the Group, the Bank's share capital has not changed.

A list of Shareholders of Kredyt Bank S.A. having more than 5% of the total number of votes at the General Meeting of Shareholders of Kredyt Bank S.A. as at 30.06.2007 and as at the publication date of this financial statements is presented in the table below.

Shareholder	Scope of activity	Number of shares and votes at GSM	Participation in votes and in share capital (in %)
KBC Bank N.V. (*)	banking	217 327 103	80.00
Sofia S.A.	investment company	15 014 772	5.53

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

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

As of the date of publication of this report, i.e. 10.08.2007, in comparison with the information as of the date of publication of the annual consolidated financial statements for the year 2006, no changes occurred in the ownership of the Bank's shares as well as shares in the subsidiaries held by members of the Bank's Management Board and the members of the Bank's Supervisory Board.

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

9. Information on proceedings before courts or public administration authority

In the second quarter of 2007, 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 equity.

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

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

Since the outcome of a litigation against Inspektorium Towarzystwa Salezjańskiego in Wrocław (Salesian Society Inspectorate) was disadvantageous for the Bank, where Inspektorium Towarzystwa Salezjańskiego was the guarantor of repayment of loans granted to four entities by the Bank over the period February – August 2001: St. Jan Bosko's Roman-Catholic Parish in Lublin, St. Jack's Roman Catholic Parish and two Monastic Houses of the Salesian Society in Lublin, the Bank is suing currently the church institutions by the reason of groundless enrichment for a total amount of PLN 14,567.2 thousand 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. Upon the Bank's request, accounting experts' reports were prepared to determine whether the resources under lombard loans had been transferred to the accounts of the parishes and the monastic houses and how the resources placed on such accounts had been used.

9.2. The proceedings in which the Bank is a defendant

- Three court proceedings related to loan granted to Laboratorium Frakcjonowania Osocza Sp. z o.o. in Mielec (LFO). The Bank is a leasing bank in the syndicate of five banks, which on the basis of an agreement of 04.03.1997 granted a syndicate credit to Laboratorium Frakcjonowania Osocza Sp. z o.o. in Mielec. The credit was secured by, among others, a registered pledge on the company's fixed assets and by a guarantee of State Treasury up to 60% of the used credit amount and interest on the used credit amount. As the assumptions of the investment project, being the basis for the loan granted, are not carried out and the due dates of payments have not been met, the Bank acting in the name of the banks' syndicate terminated the agreement in accordance with its terms and demanded payment of the receivables from LFO Sp. z o.o. The proceeding concerning execution by the Bank of the collateral defined by provisions of the credit agreement turned to be ineffective. Therefore, on 28.03.2003 the Bank, on behalf of the banks' syndicate, addressed a demand for payment of the amount of USD 12.7 million constituting 60% of the credit amount used and USD 1.6 million of interest to the Finance Minister representing the State Treasury: The Finance Minister refused to meet the guarantee commitments. On the basis of the executory title received by the Bank, the court debt collector enforced the whole claim for the Bank, i.e. PLN 8,120.1 thousand on account of the repayment of loan principle and interest, and PLN 30.0 thousand on account of expenses.
 - The State Treasury, ordered to determine that the syndicate credit agreement concluded between LFO and the syndicate of five banks had expired on 28.02.1998 by the reason of fulfilment of a condition specified in the agreement and thus the obligation of the State Treasury being the guarantor of this credit on the basis of surety agreement had expired. The State Treasury is represented by Prokuratoria Generalna Skarbu Państwa (the Office of the General Prosecutor of the State Treasury). Experts' reports were prepared as well as complementary opinions and additional witnesses were questioned. In the nearest future the decisions of the courts are expected to be presented. In the first quarter 2007, the State Treasury changed the complaint and petitioned the court for adjudication of PLN 8,207.4 thousand plus interest. On the State Treasury request, the Court called on LFO bailiff to take part in the proceeding.

- 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 opinion 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. Currently, after having been considered through all instances, the case has been referred to the Circuit Court in Warsaw again which has suspended the proceedings due to the declaration of bankruptcy of Laboratorium Frakcjonowania Osocza Sp. z o.o.
- Plaintiff: the receiver in bankruptcy of a company active in developer's sector (as applied for, the name of this company has not been revealed to the public following a relevant motion put forth) 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. At the hearing on 21.11.2006, the plaintiff limited its claim for interest. The total amount claimed by the plaintiff amounts to PLN 20,665.6 thousand. On 20.03.2007 the court delivered the judgement awarding from the Bank the whole amount claimed including interest. The Bank filed a petition to the court for justification of the judgement. Having received it, the Bank lodged an appeal.
- A lawsuit by MSG Investment Sp. z o.o. w likwidacji (in liquidation). The debtor claims that, as a result of debt recovery activities, they suffered a loss of PLN 25 million (no calculations are presented in the suit). A new date of the hearing will be determined by the Court after a report is prepared by a court expert. In the Bank's opinion the basis of the above claim is doubtful.
- The court proceedings concerning a loan totalling PLN 2,900.0 thousand extended by the Bank to its client in September 1999 to purchase securities. The client claims damages for the loss of profit due to the decline in the value of assets on the account in the period of its freeze and failure to generate profit that he might have generated if he had had free access to the account, including loss of profit due to unused collection laws he was offered and inability to purchase new share issued. The plaintiff also demands amounts collected by the Bank after the termination of the agreement. The total value of the subject matter of the litigation amounts to 10 048.6 thousand. On 30.10.2006, the Bank responded to the suit. The hearing took place on 12.07.2007, nevertheless no decision was taken.
- On 17.01.2001, the President of the Office for Competition and Customer Protection, upon the request of Polska Organizacja Handlu i Dystrybucji, initiated proceedings concerning competition-restricting practices of VISA and MasterCard as well as 20 banks, including Kredyt Bank S.A. On 29.12.2006, the President of the Office for Competition and Customer Protection issued the decision in which:
 - Kredyt Bank was fined with PLN 12 158.4 thousand,
 - HSBC Bank Polska S.A. was fined with PLN 193,0 thousand and the proceedings against this company were discontinued (under a binding agreement between HSBC and Kredyt Bank S.A., the fine for HSBC should be paid by Kredyt Bank S.A. as well).

The decision was to be enforced immediately as regards the order to discontinue the practice of joint determination of interchange fee rate. On 17.01.2007 and 19.01.2007 appeals against

the decision No. DAR15/2006 of the President of the Office for Competition and Customer Protection were lodged on behalf of HSBC Bank Polska and Kredyt Bank under which practices of joint establishment of interchange fee by banks and Visa and MasterCard had been considered competition-limiting. On 18.01.2007 the President of the Office for Competition and Customer Protection passed a decision in which he obliged the banks to pay solidarily PLN 157.6 thousand to the benefit of Polska Organizacja Handlu i Dystrybucji as the reimbursement of costs of the proceedings. On 31.01.2007 Kredyt Bank S.A. filed a complaint against the above decision as being groundless.

- In relation to a loan transaction to finance the construction of Altus building in Katowice, the Bank and Reliz Sp. z o.o. are involved in certain disputes of legal nature. The said disputes are related to claims of Mostostal Zabrze Holding S.A., the guarantor of the loan to finance the building, against the Bank and the building owner. The Court invited the parties to reach an amicable agreement. The agreement negotiations are being held between the parties.
- From May to August 2005, in the Bank there have been 9 framework agreements concluded for the execution of term exchange transactions. The result of the transaction included the amount of PLN 7,986,540.96. The transactions were negotiated by the Bank's employee based on the clients' consent. Following the change of market tendencies, the majority of forward transactions effected resulted in very high losses. Clients requested to make additional transaction hedge challenge the transactions effected.

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

10. Significant mutual transactions with related parties

In the second quarter of 2007 no significant transactions were concluded with the related parties, total value of which from the beginning of the financial year equalled or exceeded the PLN equivalent of EURO 500 thousand, and the nature and terms of which did not stem from the current operating activity.

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

As of 30.06.2007 the Bank granted guarantees in favour of one company and its subsidiaries of total value accounting for at least 10% of the Bank's equity. The total amounts of those guarantees were equal to PLN 226 983 thousand. As of 30.06.2007 their average maturities were three years and two months.

As of 30.06.2006 the Bank granted guarantees in favour of one company and its subsidiaries of total value accounting for at least 10% of the Bank's equity. The total amounts of these guarantees were equal to PLN 236 858 thousand. As of 30.06.2006 their average maturities were one year and ten months.

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

12. 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.

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

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

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

The Bank's Management Board is of the view that any events other than those resulting from the current activities of the Bank and the Group's subsidiaries will not exert an impact on the result in the next quarters of 2007.

Signatures of all Management Board Members

date 10.08.2007	Ronald Richardson	President of the Management Board
date 10.08.2007	Umberto Arts	Vice President of the Management Board
date 10.08.2007	Krzysztof Kokot	Vice President of the Management Board
date 10.08.2007	Michał Oziębło	Vice President of the Management Board
date 10.08.2007	Andrzej Witkowski	Vice President of the Management Board

CONSOLIDATED FINANCIAL STATEMENTS OF KREDYT BANK CAPITAL GROUP

1. Consolidated Income Statement

<i>in PLN '000</i>	2nd quarter of 2007 01.04.2007 – 30.06.2007	two quarters of 2007 01.01.2007 – 30.06.2007	2nd quarter of 2006 01.04.2006 – 30.06.2006	two quarters of 2006 01.01.2006 – 30.06.2006
Interest income	371 673	719 616	317 034	654 390
Interest expense	-163 846	-313 069	-131 688	-261 429
Net interest income	207 827	406 547	185 346	392 961
Fee and commission income	99 920	175 741	69 124	135 164
Fee and commission expense	-14 031	-26 316	-7 519	-13 756
Net fee and commission income	85 889	149 425	61 605	121 408
Dividends	1 328	1 328	750	750
Net trading income	38 031	75 338	32 467	61 655
Net result on derivatives used as hedging instruments and hedged items	-910	-1 505	788	679
Profit (loss) from investment activity	346	3 189	2 908	3 248
Net income from sale of receivables	3 357	11 313	145 388	145 388
Other operating income	15 455	35 329	19 437	31 892
Total operating income	351 323	680 964	448 689	757 981
General and administrative expenses	-238 071	-453 895	-218 665	-437 732
Net impairment losses on financial assets, other assets and provisions	22 935	22 560	-4 609	-8 857
Other operating expenses	-8 536	-19 898	-18 010	-23 079
Total operating expenses	-223 672	-451 233	-241 284	-469 668
Net operating income	127 651	229 731	207 405	288 313
Share of profit of associates	-30	1 141	368	806
Profit before tax	127 621	230 872	207 773	289 119
Income tax expense	-27 752	-49 251	472	7 284
Net profit from business activities	99 869	181 621	208 245	296 403
Net profit	99 869	181 621	208 245	296 403
Including:				
attributable to the Shareholders of the Bank	99 869	181 621	208 245	296 403
Weighted average number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Earnings per share for profit attributable to the Shareholders of the Bank (in PLN)	0,37	0,67	0,77	1,09

2. Consolidated Balance Sheet

<i>in PLN '000</i>	30.06.2007	31.03.2007	31.12.2006	30.06.2006
Assets				
Cash and balances with Central Bank	555 167	654 661	640 743	1 370 052
Gross loans and advances to banks	2 921 670	1 630 027	2 206 403	1 989 529
Impairment losses on loans and advances to banks	-2 260	-2 753	-2 753	-2 894
Financial assets at fair value through profit or loss, including financial assets held for trading (excluding derivatives)	355 333	291 267	628 748	325 053
Derivatives including:	336 449	325 743	297 427	239 606
- derivatives used as hedging instruments	13 739	7 798	3 403	952
Gross loans and advances to customers	14 509 497	13 258 808	12 643 843	12 202 046
Impairment losses on loans and advances to customers	-992 564	-1 058 014	-1 087 462	-1 774 758
Investments securities:	5 480 020	5 629 479	5 902 723	6 116 712
- available-for-sale	3 336 102	3 239 875	3 453 950	3 553 090
- held-to-maturity	2 143 918	2 389 604	2 448 773	2 563 622
Equity investments classified as available-for-sale	3 957	3 957	3 957	18 968
Investments in associates valued using the equity method	11 802	11 832	10 661	9 736
Property, plant and equipment	385 944	382 004	385 657	361 209
Intangible assets	74 465	82 064	85 608	95 110
Goodwill	36 052	36 052	36 052	36 052
Deferred tax asset	164 711	143 685	153 729	143 938
Current tax receivable	2 458	15 085	15 582	0
Non-current assets classified as held for sale	185 470	185 470	194 771	10 537
Other assets	137 385	118 444	116 339	122 627
Total assets	24 165 556	21 707 811	22 232 028	21 263 523

<i>in PLN '000</i>	30.06.2007	31.03.2007	31.12.2006	30.06.2006
Liabilities				
Amounts due to Central Bank	2 061	2 007	1 990	2 342
Amounts due to banks	3 148 703	2 035 822	2 164 826	2 837 316
Derivatives including:	312 915	308 978	296 474	247 669
- derivatives used as hedging instruments	22 635	1 475	554	900
Amounts due to customers	17 147 910	16 398 229	15 807 263	14 705 493
Debt securities issued	0	0	0	402 223
Securities sold under repurchase agreements	543 135	5 509	1 033 925	401 746
Current tax liability	15 312	3 749	961	11 845
Provisions	165 586	155 218	169 226	106 648
Deferred tax liability	1 174	449	1 146	354
Other liabilities	298 417	201 029	242 340	211 028
Subordinated liabilities	414 349	425 758	421 619	444 853
Total liabilities	22 049 562	19 536 748	20 139 770	19 371 517

Equity

Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Share premium	383 711	104 789	104 789	104 789
Revaluation reserve	-39 074	15 312	18 275	-10 425
Reserves	180 942	120 942	120 942	120 942
Currency translation differences from the translation of subordinated companies and foreign branches	-668	-630	-646	-511
Retained earnings/loss	51 168	490 604	22 514	22 514
Current net profit attributable to the shareholders of the Bank	181 621	81 752	468 090	296 403
Equity attributable to the shareholders of the Bank	2 115 994	2 171 063	2 092 258	1 892 006

Minority interest

Total equity	2 115 994	2 171 063	2 092 258	1 892 006
Total equity and liabilities	24 165 556	21 707 811	22 232 028	21 263 523

Capital adequacy ratio (%)	11,29	13,56	13,69	15,96
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	7,79	7,99	7,70	6,96

3. Off-Balance Sheet Items

<i>in PLN '000</i>	30.06.2007	31.03.2007	31.12.2006	30.06.2006
Contingent liabilities, granted and received	4 973 111	6 384 989	5 063 100	5 292 223
Liabilities granted, including:	4 640 289	5 065 969	4 561 293	4 847 394
- financial	3 223 444	3 751 661	3 354 667	3 662 196
- guarantees	1 416 845	1 314 308	1 206 626	1 185 198
Liabilities received, including:	332 822	1 319 020	501 807	444 829
- financial	50 642	1 013 107	205 139	61 917
- guarantees	282 180	305 913	296 668	382 912
Liabilities related to the sale/purchase transactions	170 082 745	163 556 986	138 370 817	111 255 861
Other	2 970 785	3 057 520	3 096 732	3 088 994
- guarantees received	2 969 238	3 056 129	3 094 683	3 088 989
- other	1 547	1 391	2 049	5

4. Statement of Changes in Consolidated Equity

Changes in the period from 1 January to 30 June 2007

	Share capital	Share premium	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies and foreign branches	Retained earnings (losses)	Current net profit	Equity attributable to shareholders of the Bank	Minority interest	Total equity
<i>in PLN '000</i>										
Equity at opening balance – as of 01.01.2007	1 358 294	104 789	18 275	120 942	-646	490 604	0	2 092 258		2 092 258
Valuation of financial assets available-for-sale			-49 219					-49 219		-49 219
Effects of valuation of derivatives designated for cash flow hedge			-21 582					-21 582		-21 582
Deferred tax			13 452					13 452		13 452
Net profit recognised directly in the equity			-57 349					-57 349		-57 349
Current net profit							181 621	181 621	181 621	
Total of recognised income and expenses			-57 349				181 621	124 272		124 272
Profit allowance		278 922		60 000		-338 922		0		0
Dividends to be paid						-100 514		-100 514		-100 514
Currency translation differences					-22			-22		-22
Equity at end of period – as of 30.06.2007	1 358 294	383 711	-39 074	180 942	-668	51 168	181 621	2 115 994	0	2 115 994

Changes in the period from 1 January to 31 December 2006

	Share capital	Share premium	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies and foreign branches	Retained earnings (losses)	Current net profit	Equity attributable to shareholders of the Bank	Minority interest	Total equity
<i>in PLN '000'</i>										
Equity at opening balance – as of 01.01.2006	1 358 294	0	15 928	120 942	-637	187 068	0	1 681 595	0	1 681 595
Net gains on available-for-sale financial assets			1 972					1 972		1 972
Net gains of cash flow hedges			1 195					1 195		1 195
Deferred tax			-820					-820		-820
Net profit recognised directly in the equity			2 347					2 347		2 347
Current net profit							468 090	468 090		468 090
Total of recognised income and expenses			2 347				468 090	470 437		470 437
Profit allowance		104 789				-104 789				
Dividends paid						-59 765		-59 765		-59 765
Currency translation differences						-9		-9		-9
Equity at end of period – as of 31.12.2006	1 358 294	104 789	18 275	120 942	-646	22 514	468 090	2 092 2585	0	2 092 258

Changes in the period from 1 January to 30 June 2006

	Share capital	Share premium	Revaluation reserve	Reserves	Currency translation differences from the translation of subordinated companies and foreign branches	Retained earnings (losses)	Current net profit	Equity attributable to shareholders of the Bank	Minority interest	Total equity
<i>in PLN '000</i>										
Equity at opening balance – as of 01.01.2006	1 358 294	0	15 928	120 942	-637	187 068	0	1 681 595	0	1 681 595
Valuation of financial assets available-for-sale			-31 152					-31 152		-31 152
Effects of valuation of derivatives designated for cash flow hedge			-1 113					-1 113		-1 113
Deferred tax			5 912					5 912		5 912
Net profit recognised directly in the equity			-26 353					-26 353		-26 353
Current net profit			0				296 403	296 403		296 403
Total of recognised income and expenses			-26 353				296 403	270 050		270 050
Profit allowance		104 789				-104 789		0		0
Dividends to be paid						-59 765		-59 765		-59 765
Currency translation differences					126			126		126
Equity at end of period – as of 30.06.2006	1 358 294	104 789	-10 425	120 942	-511	22 514	296 403	1 892 006	0	1 892 006

5. Consolidated Cash Flow Statement

<i>in PLN '000</i>	2nd quarter of 2007 01.04.2007 – 30.06.2007	two quarters of 2007 01.01.2007 – 30.06.2007	2nd quarter of 2006 01.04.2006 – 30.06.2006	two quarters of 2006 01.01.2006 – 30.06.2006
Net cash flow from operating activities	1 101 319	293 977	1 375 928	-122 795
Net profit	99 869	181 621	208 245	296 403
Adjustments to net profit and net cash from operating activities:	1 001 450	112 356	1 167 683	-419 198
Current and deferred tax recognised in financial result	27 752	49 251	-472	-7 284
Non-realised profit (loss) from currency translation differences	-35 343	-28 101	50 565	58 474
Investing and financing activities	-7 280	-89 011	-813 677	-839 878
Depreciation	25 351	49 729	27 769	58 300
Share of profit (loss) of subordinated companies	30	-1 141	-367	-806
Net increase/decrease in impairment	-39 328	-70 197	-827 922	-821 247
Dividends	-1 328	-1 328	-750	-750
Interest	-1 183	-58 649	-37 320	-97 006
Net increase/decrease in provisions	10 368	-3 640	31 142	28 801
Profit (loss) from investments	-1 190	-3 785	-6 229	-7 170
Net increase/decrease in operating assets (excluding cash)	-1 403 156	-1 639 488	903 246	58 178
Net increase/decrease in gross loans and advances to banks	-14 437	48 246	191 622	-220 246
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	-74 469	234 892	352 565	139 779
Net increase/decrease in gross loans and advances to customers	-1 250 689	-1 865 654	331 921	113 933
Paid income tax	-8 949	-17 803	-12 881	-13 219
Net increase/decrease in other assets	-54 612	-39 169	40 019	37 931
Net increase/decrease in operating liabilities (excluding cash)	2 419 477	1 819 705	1 028 021	311 312
Net increase/decrease in amounts due to Central Bank	54	71	2 342	2 342
Net increase/decrease in amounts due to banks	1 144 619	1 009 949	537 261	224 205
Net increase/decrease in derivatives	3 937	16 441	15 873	27 514
Net increase/decrease in amounts due to customers	749 681	1 340 647	319 753	95 608
Net increase/decrease in securities sold under repurchase agreements	537 626	-490 790	167 336	33 045
Net increase/decrease in other liabilities	-16 440	-56 613	-14 544	-71 402
Net cash flow from operating activities	1 101 319	293 977	1 375 928	-122 795

	2nd quarter of 2007 01.04.2007 – 30.06.2007	two quarters of 2007 01.01.2007 – 30.06.2007	2nd quarter of 2006 01.04.2006 – 30.06.2006	two quarters of 2006 01.01.2006 – 30.06.2006
Net cash flow from investing activities	91 319	412 520	205 654	706 398
Inflows	449 349	1 748 807	10 617 666	26 309 363
Disposal of property, plant and equipment and intangible assets	630	1 309	6 765	8 661
Disposal of subsidiaries classified as available-for-sale	0	0	17 012	17 012
Disposal of investment securities	363 612	1 603 534	10 497 077	26 142 761
Dividends on shares	1 328	1 328	750	750
Interest received	83 779	142 636	96 062	140 179
Outflows	-358 030	-1 336 287	-10 412 012	-25 602 965
Acquisition of property, plant and equipment and intangible assets	-19 825	-42 900	-21 841	-36 665
Acquisition of investment securities	-338 205	-1 293 387	-10 390 171	-25 566 300
Net cash flows from investing activities	91 319	412 520	205 654	706 398
Cash flow from financing activities	-14 926	-28 560	-118 709	-290 136
Outflows	-14 926	-28 560	-118 709	-290 136
Repayment of subordinated liabilities	0	0	0	-157 605
Repayment of loan and advances	0	0	-95 454	-95 454
Other financial outflows	-14 926	-28 560	-23 255	-37 077
Net cash flow from financing activities	-14 926	-28 560	-118 709	-290 136
Change in cash	1 177 712	677 937	1 462 873	293 467
Cash at the beginning of the period	1 770 095	2 269 870	1 079 483	2 248 889
Cash at the end of the period including:	2 947 807	2 947 807	2 542 356	2 542 356
restricted cash	570 207	570 207	501 623	501 623

STANDALONE CONDENSED FINANCIAL STATEMENTS OF KREDYT BANK S.A.

1. Income Statement

<i>in PLN '000</i>	2nd quarter of 2007 01.04.2007 – 30.06.2007	two quarters of 2007 01.01.2007 – 30.06.2007	2nd quarter of 2006 01.04.2006 – 30.06.2006	two quarters of 2006 01.01.2006 – 30.06.2006
Interest income	348 161	672 170	294 353	605 107
Interest expense	-165 330	-316 245	-135 681	-269 624
Net interest income	182 831	355 925	158 672	335 483
Fee and commission income	100 035	175 965	68 948	134 969
Fee and commission expense	-14 031	-26 315	-7 999	-14 662
Net fee and commission income	86 004	149 650	60 949	120 307
Dividends	7 977	7 977	750	750
Net trading income	37 851	75 328	33 186	61 795
Net result on derivatives used as hedging instruments and hedged items	-910	-1 505	788	679
Profit (loss) from investment activity	346	3 189	2 908	3 248
Net income from sale of receivables	3 196	11 313	121 306	121 306
Other operating income	8 579	18 671	14 257	23 368
Total operating income	325 874	620 548	392 816	666 936
General and administrative expenses	-207 464	-397 976	-201 284	-392 024
Net impairment losses on financial assets, other assets and provisions	25 126	25 067	-6 725	-2 270
Other operating expenses	-7 393	-14 749	-9 458	-20 195
Total operating expenses	-189 731	-387 658	-217 467	-414 489
Net operating income	136 143	232 890	175 349	252 447
Profit before tax	136 143	232 890	175 349	252 447
Income tax expense	-30 933	-52 986	1 592	10 990
Net profit from business activities	105 210	179 904	176 941	263 437
Net profit	105 210	179 904	176 941	263 437
Including:				
attributable to the Shareholders of the Bank	105 210	179 904	176 941	263 437
Weighted average number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Earnings per share for profit attributable to the Shareholders of the Bank (in PLN)	0,39	0,66	0,65	0,97

2. Balance Sheet

<i>in PLN '000</i>	30.06.2007	31.03.2007	31.12.2006	30.06.2006
Assets				
Cash and balances with Central Bank	555 154	654 641	640 722	1 370 030
Gross loans and advances to banks	2 921 634	1 629 933	2 205 291	1 988 567
Impairment losses on loans and advances to banks	-2 260	-2 753	-2 753	-2 894
Financial assets at fair value through profit or loss, including financial assets held for trading, excluding derivatives	339 176	275 271	612 912	325 053
Derivatives including:	336 449	325 743	297 427	239 606
- derivatives used as hedging instruments	13 739	7 798	3 403	952
Gross loans and advances to customers	14 745 386	13 501 319	12 914 172	12 286 343
Impairment losses on loans and advances to customers	-1 001 594	-1 061 934	-1 100 617	-1 713 953
Investments securities:	5 479 960	5 629 419	5 902 663	6 116 652
- available-for-sale	3 336 042	3 239 815	3 453 890	3 553 030
- held-to-maturity	2 143 918	2 389 604	2 448 773	2 563 622
Equity investments classified as available-for-sale	73 830	73 832	73 831	73 829
Property, plant and equipment	320 495	320 070	325 050	298 297
Intangible assets	73 620	81 037	84 394	93 773
Deferred tax asset	141 494	126 134	137 123	132 823
Current tax receivable	0	15 075	15 393	0
Non-current assets classified as held for sale	1 270	1 270	10 571	10 537
Other assets	98 613	83 318	87 616	94 737
Total assets	24 083 227	21 652 375	22 203 795	21 313 400

<i>in PLN '000</i>	30.06.2007	31.03.2007	31.12.2006	30.06.2006
Liabilities				
Amounts due to Central Bank	2 061	2 007	1 990	2 342
Amounts due to banks	3 148 703	2 035 822	2 164 826	2 837 316
Derivatives including:	312 915	308 978	296 474	247 669
- derivatives used as hedging instruments	22 635	1 475	554	900
Amounts due to customers	17 199 930	16 464 528	15 875 333	14 807 631
Debt securities issued	0	0	0	402 223
Securities sold under repurchase agreements	543 135	5 509	1 053 928	401 746
Current tax liability	15 236	2 738	0	11 764
Provisions	100 961	90 504	98 775	75 040
Other liabilities	284 153	205 057	251 107	245 779
Subordinated liabilities	414 349	425 758	421 619	444 853
Total liabilities	22 021 443	19 540 901	20 164 052	19 476 363
Equity				
Share capital	1 358 294	1 358 294	1 358 294	1 358 294
Share premium	381 718	104 789	104 789	104 789
Revaluation reserve	-39 074	15 312	18 275	-10 425
Reserves	180 942	120 942	120 942	120 942
Retained earnings/loss	0	437 443	0	0
Current net profit attributable to the shareholders of the Bank	179 904	74 694	437 443	263 437
Total equity	2 061 784	2 111 474	2 039 743	1 837 037
Total equity and liabilities	24 083 227	21 652 375	22 203 795	21 313 400
Capital adequacy ratio (%)	11,18	13,38	13,45	15,80
Number of shares	271 658 880	271 658 880	271 658 880	271 658 880
Book value per share (in PLN)	7,59	7,77	7,51	6,76

3. Off-Balance Sheet Items

<i>in PLN '000</i>	30.06.2007	31.03.2007	31.12.2006	30.06.2006
Contingent liabilities, granted and received	5 050 757	6 513 624	5 207 977	5 485 027
Liabilities granted, including	4 717 935	5 194 604	4 706 170	5 040 198
- financial	3 309 814	3 878 617	3 497 903	3 853 879
- guarantees	1 408 121	1 315 987	1 208 267	1 186 319
Liabilities received, including:	332 822	1 319 020	501 807	444 829
- financial	50 642	1 013 107	205 139	61 917
- guarantees	282 180	305 913	296 668	382 912
Liabilities related to the sale/purchase transactions	170 082 745	163 556 986	138 370 817	111 260 647
Other	3 027 733	3 114 744	3 153 678	3 089 326
- guarantees received	3 027 733	3 114 744	3 153 178	3 089 326
- other	0	0	500	0

4. Statement of Changes in Shareholders' Equity

Changes in the period from 1 January to 30 June 2007

<i>in PLN '000</i>	Share capital	Share premium	Revaluation reserve	Reserves	Retained earnings (losses)	Current net profit	Total equity
Equity at opening balance – as of 01.01.2007	1 358 294	104 789	18 275	120 942	437 443	0	2 039 743
Valuation of financial assets available-for-sale			-49 219				-49 219
Effects of valuation of derivatives designated for cash flow hedge			-21 582				-21 582
Deferred tax			13 452				13 452
Net profit recognised directly in the equity			-57 349				-57 349
Current net profit			0			179 904	179 904
Total of recognised income and expenses			-57 349			179 904	122 555
Profit distribution		276 929		60 000	-336 929		0
Dividends to be paid					-100 514		-100 514
Equity at end of period – as of 30.06.2007	1 358 294	381 718	-39 074	180 942	0	179 904	2 061 784

Changes in the period from 1 January to 31 December 2006

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

Changes in the period from 1 January to 30 June 2006

<i>in PLN '000</i>	Share capital	Share premium	Revaluation reserve	Reserves	Retained earnings (losses)	Current net profit	Total equity
Equity at opening balance – as of 01.01.2006	1 358 294	0	15 928	120 942	164 554	0	1 659 718
Valuation of financial assets available-for-sale			- 31 152				-31 152
Effects of valuation of derivatives designated for cash flow hedge			-1 113				-1 113
Deferred tax			5 912				5 912
Net profit recognised directly in the equity			-26 353				-26 353
Current net profit			0			263 437	263 437
Total of recognised income and expenses			-26 353			263 437	237 084
Profit distribution		104 789			-104 789		0
Dividends to be paid					-59 765		-59 765
Equity at end of period – as of 30.06.2006	1 358 294	104 789	-10 425	120 942	0	263 437	1 837 037

5. Cash Flow Statement

<i>in PLN '000</i>	2nd quarter of 2007 01.04.2007 – 30.06.2007	two quarters of 2007 01.01.2007 – 30.06.2007	2nd quarter of 2006 01.04.2006 – 30.06.2006	two quarters of 2006 01.01.2006 – 30.06.2006
Net cash flow from operating activities	1 094 634	292 667	1 385 004	-108 300
Net profit	105 210	179 904	176 941	263 437
Adjustments to net profit and net cash from operating activities:	989 424	112 763	1 208 063	-371 737
Current and deferred tax recognised in financial result	30 933	52 986	-1 592	-10 990
Non-realised profit (loss) from currency translation differences	-35 303	-28 078	50 487	58 348
Investing and financing activities	-37 702	-122 960	-608 759	-648 566
Depreciation	22 880	45 033	25 770	53 975
Net increase/decrease in impairment	-60 857	-100 902	-595 382	-600 680
Dividends	-7 977	-7 977	-750	-750
Interest	-1 183	-58 649	-37 320	-97 006
Net increase/decrease in provisions	10 457	2 186	275	-2 032
Profit (loss) from investments	-1 022	-2 651	-1 352	-2 073
Net increase/decrease in operating assets (excluding cash)	-1 360 577	-1 560 883	695 317	-131 014
Net increase/decrease in gross loans and advances to banks :	-14 437	48 246	191 622	-220 246
Net increase/decrease in financial assets at fair value through profit or loss, including financial assets held for trading and derivatives	-74 308	235 213	352 565	139 779
Net increase/decrease in gross loans and advances to customers	-1 244 067	-1 831 214	127 040	-84 069
Net increase/decrease in other assets	-5 994	-13 396	-13 219	-13 219
Paid income tax	-21 771	268	37 309	46 741
Net increase/decrease in operating liabilities (excluding cash)	2 392 073	1 771 698	1 072 610	360 485
Net increase/decrease in amounts due to Central Bank	54	71	2 342	2 342
Net increase/decrease in amounts due to banks	1 144 619	1 009 949	537 261	224 205
Net increase/decrease in derivatives	3 937	16 441	15 873	27 514
Net increase/decrease in amounts due to customers	735 403	1 324 598	366 527	138 671
Net increase/decrease in securities sold under repurchase agreements	537 626	-510 793	167 336	33 045
Net increase/decrease in other liabilities	-29 566	-68 568	-16 729	-65 292
Net cash flow from operating activities	1 094 634	292 667	1 385 004	-108 300

	2nd quarter of 2007 01.04.2007 – 30.06.2007	two quarters of 2007 01.01.2007 – 30.06.2007	2nd quarter of 2006 01.04.2006 – 30.06.2006	two quarters of 2006 01.01.2006 – 30.06.2006
Net cash flow from investing activities	103 307	426 476	202 004	703 825
Inflows	455 670	1 754 449	10 611 102	26 300 951
Disposal of property, plant and equipment and intangible assets	302	302	201	249
Disposal of subsidiaries classified as available-for-sale	0	0	17 012	17 012
Disposal of investment securities	363 612	1 603 534	10 497 077	26 142 761
Dividends on shares	7 977	7 977	750	750
Interest received	83 779	142 636	96 062	140 179
Outflows	-352 363	-1 327 973	-10 409 098	-25 597 126
Acquisition of property, plant and equipment and intangible assets	-14 158	-34 586	-18 927	-30 826
Acquisition of investment securities	-338 205	-1 293 387	-10 390 171	-25 566 300
Net cash flows from investing activities	103 307	426 476	202 004	703 825
Cash flow from financing activities	-20 164	-40 122	-125 065	-302 954
Outflows	-20 164	-40 122	-125 065	-302 954
Repayment of subordinated liabilities	0	0	0	-157 605
Repayment of loan and advances	0	0	-95 454	-95 454
Other financial outflows	-20 164	-40 122	-29 611	-49 895
Net cash flow from financing activities	-20 164	-40 122	-125 065	-302 954
Change in cash	1 177 777	679 021	1 461 943	292 571
Cash at the beginning of the period	1 769 981	2 268 737	1 079 429	2 248 801
Cash at the end of the period including:	2 947 758	2 947 758	2 541 372	2 541 372
restricted cash	570 207	570 207	501 623	501 623