BRE BANK SA

BRE Bank SA Group

IFRS Consolidated Financial Statements
for the first quarter of 2008

Contents

Selected financial data

SELECTED FINANCIAL DATA FOR THE GROUP		in PLN '000		in EUR '000	
		1st quarter of 2008 from 01-01-2008 to 31-03-2008	1st quarter of 2007 from 01-01-2007 to 31-03-2007	1st quarter of 2008 from 01-01-2008 to 31-03-2008	1st quarter of 2007 from 01-01-2007 to 31-03-2007
I.	Interest income	**767 911**	**499 228**	**215 863**	**127 801**
II.	Fee and commission income	**223 105**	**192 315**	**62 716**	**49 232**
III.	Net trading income	**135 106**	**113 374**	**37 979**	**29 023**
IV.	Operating profit	**427 578**	**295 866**	**120 194**	**75 741**
V.	Profit before income tax	**427 578**	**295 866**	**120 194**	**75 741**
VI.	Net profit attributable to minority interest	**13 418**	**6 284**	**3 772**	**1 609**
VII.	Net profit	**350 826**	**222 738**	**98 619**	**57 020**
VIII.	Net cash flows from operating activities	**782 622**	**466 099**	**219 998**	**119 320**
IX.	Net cash flows from investing activities	**202 337**	**102 107**	**56 878**	**26 139**
X.	Net cash flows from financing activities	**1 477 133**	**259 605**	**415 228**	**66 458**
XI.	Net increase / decrease in cash and cash equivalents	**2 462 092**	**827 811**	**692 104**	**211 917**
XII.	Total assets	**60 618 775**	**45 532 730**	**17 192 914**	**11 767 084**
XIII.	Amounts due to the Central Bank	**880 000**	**-**	**249 589**	**-**
XIV.	Amounts due to other banks	**14 903 738**	**8 713 798**	**4 227 051**	**2 251 918**
XV.	Amounts due to customers	**33 614 315**	**26 674 466**	**9 533 812**	**6 893 518**
XVI.	Capital and reserves attributable to the Company's equity holders	**3 523 987**	**2 751 250**	**999 486**	**711 009**
XVII.	Minority interest	**134 551**	**92 821**	**38 162**	**23 988**
XVIII.	Share capital	**118 655**	**118 111**	**33 653**	**30 524**
XIX.	Number of shares	**29 663 778**	**29 527 770**	**29 663 778**	**29 527 770**
XX.	Book value per share (in PLN/EUR per share)	**118.80**	**93.18**	**33.69**	**24.08**
XXI.	Diluted book value per share (in PLN/EUR per share)	**118.69**	**92.67**	**33.66**	**23.95**
XXII.	Capital adequacy ratio	**9.48**	**10.86**	**9.48**	**10.86**
XXIII.	Earnings on continued operations per 1 ordinary share (in PLN/EUR per share)	**11.69**	**5.13**	**3.29**	**1.31**
XXIV.	Diluted earnings on continued operations per 1 ordinary share (in PLN/EUR per share)	**11.68**	**5.11**	**3.28**	**1.31**
XXV.	Declared or paid dividend per share (in PLN/EUR per share)	**-**	**-**	**-**	**-**

In the above selected financial data continued and discontinued operations are presented together in positions from I to VII

SELECTED FINANCIAL DATA FOR THE BANK		in PLN'000		in EUR'000	
		1st quarter of 2008 from 01-01-2008 to 31-03-2008	1st quarter of 2007 from 01-01-2007 to 31-03-2007	1st quarter of 2008 from 01-01-2008 to 31-03-2008	1st quarter of 2007 from 01-01-2007 to 31-03-2007
I.	Interest income	**607 823**	**390 795**	**170 862**	**100 042**
II.	Fee and commission income	**159 855**	**131 891**	**44 936**	**33 764**
III.	Net trading income	**130 010**	**110 603**	**36 546**	**28 314**
IV.	Operating profit	**358 338**	**282 751**	**100 730**	**72 383**
V.	Profit before income tax	**358 338**	**282 751**	**100 730**	**72 383**
VI.	Net profit	**312 723**	**227 698**	**87 908**	**58 290**
VII.	Net cash flows from operating activities	**1 113 162**	**772 850**	**312 914**	**197 847**
VIII.	Net cash flows from investing activities	**242 070**	**130 783**	**68 047**	**33 480**
IX.	Net cash flows from financing activities	**1 067 877**	**(48 596)**	**300 185**	**(12 440)**
X.	Net increase / decrease in cash and cash equivalents	**2 423 109**	**855 037**	**681 146**	**218 887**
XI.	Total assets	**52 945 769**	**39 466 685**	**15 016 668**	**10 199 428**
XII.	Amounts due to the Central Bank	**880 000**	**-**	**249 589**	**-**
XIII.	Amounts due to other banks	**10 329 382**	**5 826 658**	**2 929 656**	**1 505 791**
XIV.	Amounts due to customers	**33 918 051**	**27 654 833**	**9 619 959**	**7 146 875**
XV.	Equity	**3 250 056**	**2 578 153**	**921 793**	**666 275**
XVI.	Share capital	**118 655**	**118 111**	**33 653**	**30 524**
XVII.	Number of shares	**29 663 778**	**29 527 770**	**29 663 778**	**29 527 770**
XVIII.	Book value per share (in PLN/EUR per share)	**109.56**	**87.31**	**31.07**	**22.56**
XIX.	Diluted book value per share (in PLN/EUR per share)	**109.47**	**86.84**	**31.05**	**22.44**
XX.	Capital adequacy ratio	**10.07**	**11.50**	**10.07**	**11.50**
XXI.	Earnings per 1 ordinary share (in PLN/EUR per share)	**10.54**	**7.71**	**2.96**	**1.97**
XXII.	Diluted earnings per 1 ordinary share (in PLN/EUR per share)	**10.53**	**7.67**	**2.96**	**1.96**
XXIII.	Declared or paid dividend per share (in PLN/EUR per share)	**-**	**-**	**-**	**-**

The following exchange rates were used in translating selected financial data into euro:

- <u>for balance sheet items</u> – an exchange rate announced by the National Bank of Poland as at 31 March 2008 –
  1 EUR = 3.5258 PLN and an exchange rate announced by the National Bank of Poland as at 31 March 2007 –
  1 EUR = 3.8695 PLN.

- <u>for profit and loss account items</u> – an exchange rate calculated as the arithmetic mean of exchange rates announced by the National Bank of Poland as at the end of each month of the first quarter of 2008 and 2007:
  1 EUR = 3.5574 PLN and 1 EUR = 3.9063 PLN respectively.

Introduction

The profit attributable to the shareholders of the holding company of the BRE Bank Group was PLN 350.8 million net (PLN 427.6 million before tax) at the end of March 2008, compared to PLN 222.7 million (PLN 295.9 million before tax) in Q1 2007.

The profit before tax was up by PLN 131.7 million or 44.5% year on year, driven by the profit on continued operations, up by PLN 216.7 million (105%); meanwhile, the profit on discontinued operations was down by PLN 85 million year on year. It must be noted that the profit on discontinued operations at PLN 90.3 million in 2007 was largely driven by the profit on the sale of the subsidiary SAMH (PLN 89.5 million); by comparison, the profit on discontinued operations in 2008 only included the profit of the subsidiary PTE Skarbiec Emerytura at PLN 5.3 million.

The trend of dynamic growth in profitability in all business areas continued in Q1 2008. The significant growth in operating income combined with a strict cost discipline helped to improve the profitability and effectiveness ratios year on year.

The return on equity of the BRE Bank Group (profit before tax on continued and discontinued operations to average equity net of the profit of the period) was 52% in Q1 2008, compared to 45.8% in Q1 2007 (ROE before tax for continued operations at 51.4% in Q1 2008 and 31.8% in Q1 2007).

Capital transactions made a similar contribution to profits in Q1 2008 and Q1 2007: the sale of Vectra S.A. at a profit of PLN 137.7 million in 2008 and the sale of SAMH at PLN 89.5 million in 2007. The return on equity (profit before tax) net of the impact of one-off transactions in both periods was 35.3% and 32% respectively.
The Group's cost/income ratio including discontinued operations (CIR measured as overhead costs and amortisation/depreciation to income including net other operating income and cost) was 43.6% in Q1 2008, compared to 49% in Q1 2007. The CIR net of the one-off transactions was 52.7% in Q1 2008, 5 percentage points lower than in Q1 2007.

The main drivers of the financial results included:

1. Growth of the loans portfolio and customers' deposits thanks to expansion of retail banking and continued upturn in the corporate loans market, which was decisive to improvement of the balance-sheet structure in terms of the profitability of business. The loans portfolio as a percentage of the balance-sheet total was 61.4% at the end of March 2008, up by 5 percentage points year on year. These trends were reflected in the steady growth of income on the regular business.
2. Continued positive trends in the financial market, enabling high growth in the volume of fx transactions with clients and interest rate risk portfolios, as reflected in the profitability of trading.
3. Significant contribution of the subsidiaries to the Group's results. The accounting profit before tax generated by the Group subsidiaries (including both continued and discontinued operations) totalled PLN 88.7 million, compared to PLN 51.8 million in Q1 2007, up by over 70%.
4. Strict cost discipline, both at the Bank and the subsidiaries.
5. Continued high quality of the loans portfolio resulting in credit and loans impairment provisions charged to the costs of the Group at PLN 22.2 million in Q1 2008.

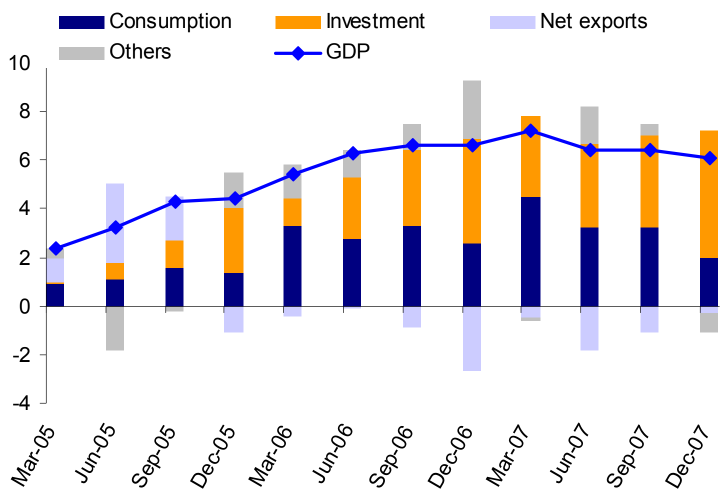
Macroeconomics in Q1 2008

Gross Domestic Product

Macroeconomic data published in Q1 2008 suggest that the high level of economic activity continues in all sectors of the Polish economy. The GDP growth rate in 2007 was 6.6%, the highest in 10 years. The growth rate fell from 7.3% YoY in Q1 to 6.3% YoY in Q4, which may suggest that the economy is gradually slowing down. In 2008, the GDP growth rate may fall to ca. 5.5%, mainly due to the declining situation in the external environment and the expected fall of the growth rate of exports and investments. Mounting inflation pressure and the resulting need of tightening the monetary policy increasingly pose a threat to the outlook of Poland's economic growth. Other important threats include increasing tensions in the labour market and the gradually growing current account gap, although the latter (close to 4% of GDP) is still moderate.

Domestic demand remains the main driver of the Polish economy: it grew by 8.3% in 2007 and by 6.4% YoY in Q4 alone. Investments made the largest contribution to the higher GDP growth rate: they grew by 19.3% in 2007. However, quarterly statistics indicate that the growth rate of investments is falling gradually (from 26.2% YoY in Q1 to 16.4% YoY in Q4).

GDP Growth Rate (% YoY)
and Contribution of Growth Factors (percentage points)



Source: GUS

Private consumption grew less than estimated by the Polish Statistical Office (GUS): by 5.2% in 2007 and 3.7% YoY in Q4 alone.

These statistics seem not to reflect fully the high growth rate of value added in market services (6.9% YoY in 2007) and the very high growth rate of retail sales (14% in fixed prices in 2007 and over 17% in January-February 2008).

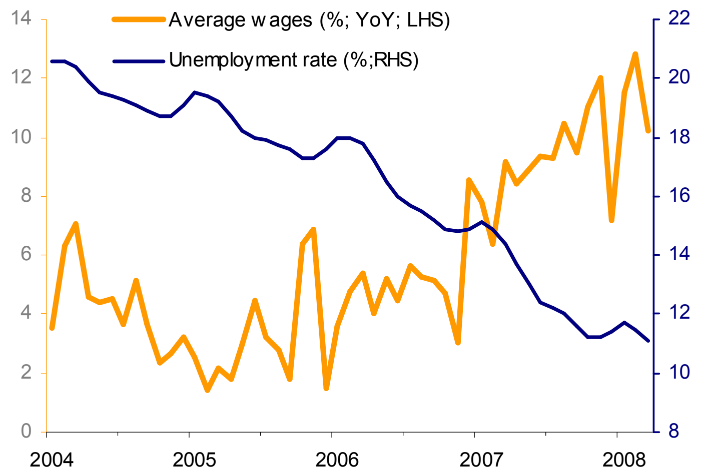
However, private consumption most likely grew more dynamically in Q1 2008 and its contribution to GDP growth increased.

Labour Market

The high economic growth is combined with fast growth in employment. The population of corporate sector employees was up by 6% year on year in Q1 2008. Employment in the entire economy grew by 4.2% (over 600 thousand people) in 2007. Strong demand for labour coupled with the effects of mass economic migration and deteriorating demographic conditions augment problems with hiring qualified staff. According to NBP surveys, companies say this presents a major barrier to their growth over the past year.

Changing relations between supply and demand on the labour market result in fast falling unemployment. According to preliminary estimates of the Ministry of Labour, the official unemployment rate fell to 11.1% in March. According to other sources, the actual unemployment rate is much lower. According to Eurostat, the unemployment rate in Poland fell to 8.0% in February and was not very different from the euro zone average (7.1%) but was lower than in Spain (9.0%) and Slovakia (9.9%). These statistics are consistent with economic activity surveys (BAEL) which show that the unemployment rate in Poland was 8.5% in Q4 2007.

Growth of Average Wages in the Corporate Sector (% YoY, LHS) and Unemployment Rate (%, RHS)



Source: GUS

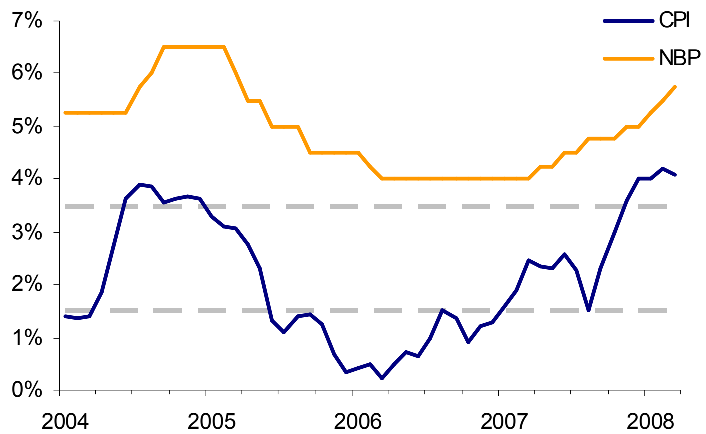
As a result of the changing situation on the labour market, the growth in wages accelerated significantly.

Average wages in the corporate sector were up by 11.4% year on year in Q1 2008. Wages also grew sharply in the entire economy (by 8.9% YoY in 2007). Growth in wages was faster than growth in productivity, resulting in increasing unit labour costs (ULC). ULC in the corporate sector grew by 4% YoY in February. The growth was even stronger in the entire economy: ULC grew by 6.4% in Q4 2007. The negative consequences of growing ULC include mounting inflation pressure and falling competitiveness of Polish exports.

Inflation and NBP Interest Rates

The consumer price index grew significantly over the past months. Since November 2007, the annual CPI has remained above the ceiling of the band of deviations from the NBP inflation target set at 3.5%. The CPI was 4.2% in February and fell modestly (and temporarily) to 4.1% in March. The growth of the CPI is no longer only an effect of supply shocks caused by a sharp increase in global food and oil prices, but it increasingly reflect also demand factors. Growing inflation is also driven by changes in regulated prices. The growth in food prices was 6.7% YoY in March, the growth in prices of vehicle fuels was 10.1% YoY, and the growth in energy prices was 7% YoY. Prices in some categories of services grow faster than the overall CPI (e.g., prices of "restaurants and hotels" grew by 5.5% YoY in March). The globalisation effect (including in particular falling prices of clothing, footwear, and electronic equipment) combined with the appreciation of the zloty continue to curb inflation but are insufficient to keep the overall CPI from rising. Gradual growth in core inflation measures indicates mounting inflation pressure. Net inflation (net of food and oil prices) was 2.5% YoY in February 2008, compared to only 1.1% YoY in August 2007.

CPI (% YoY), RPP Inflation Target, National Bank of Poland (NBP) Intervention Rate (%)



In reaction to growing threats to price stability, the Polish Monetary Policy Council (RPP) has hiked the interest rates already three times this year.

The NBP reference price rose by 75 basis points year to date and reached 5.75% in March.

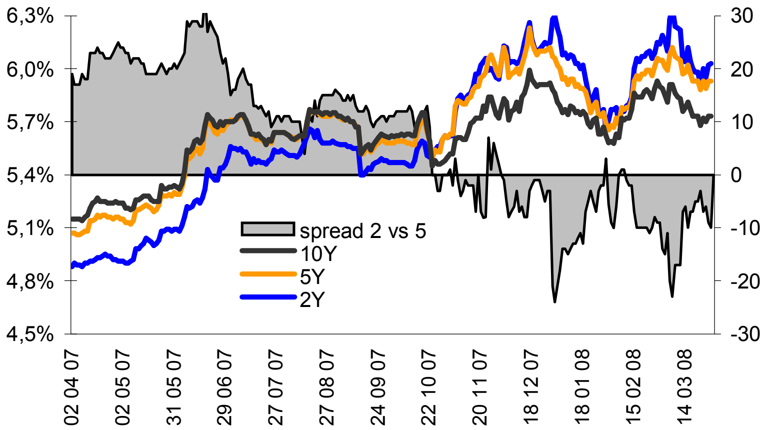
According to statements by RPP members and expectations of market participants and analysts, the cycle of tightening the monetary policy will continue and the reference rate will grow to at least 6% by the year's end. This scenario is backed up by the need of curbing inflation at a level enabling lasting compliance with the inflation convergence criterion.

Financial Markets

Q1 2008 brought a continuation of volatility on the global financial markets triggered by the US subprime mortgage crisis. Due to low liquidity on the money market and growing losses of the banking sector, the US Fed decided to dramatically relax the monetary policy and expanded the size and forms of support for financial institutions. The Fed has cut the interest rates three times this year, reducing the reference rate from 4.25% to 2.25%. Availability of discounting credit was improved and a similar instrument of short-term funding was opened to primary market dealers. The size of funding was expanded with the Term Auction Facility (TAF) and the Term Securities Lending Facility (TSLF). In an unprecedented move, the central bank offered support (US$ 30 billion loan) to save the investment bank Bear Stearns (acquired by JP Morgan). However, all these actions have not ensured complete stabilisation of the markets, and margins on the monetary markets have remained high.

Due to the yet unknown scale of impact of the volatility on financial markets and the declining level of economic activity in the US on the outlook of euro zone growth, and due to the strong appreciation of the euro to the dollar, the European Central Bank (ECB) has had little room for manoeuvre. However, as inflation pressure mounted sharply (the CPI in the euro zone grew to 3.6% in March), the ECB kept its reference rate unchanged in Q1 2008. According to market expectations, the euro zone monetary policy may be relaxed only with clear symptoms of economic slow-down, probably not until H2 2008.

2Y, 5Y, 10Y Bond Yields (%, LHS)
and 2Y/5Y Spread (bp, RHS)



The growing disparity of interest rates and increasing problems in the US economy caused the dollar to plummet.

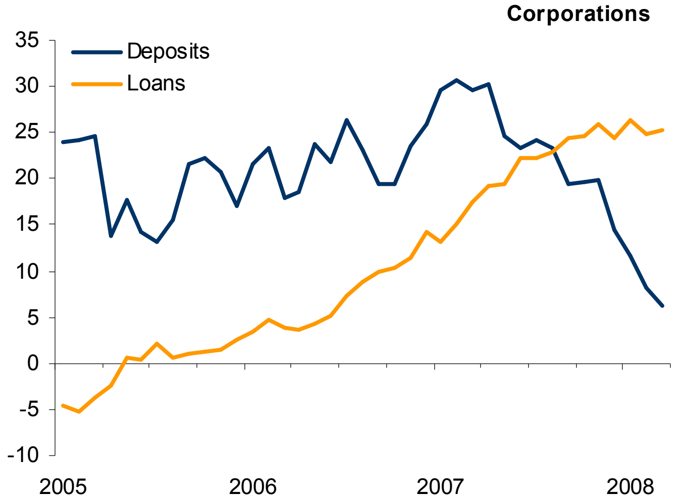
The greenback fell by ca. 8% to the euro in Q1 2008. Meanwhile, the zloty strengthened against the dollar (by ca. 10% in Q1 2008). The trend continued into April when the zloty was the strongest against the dollar since the end of 1993 (below 2.15). The zloty also strengthened to the euro by almost 5% by mid-April 2008 (reaching 3.40, close to the historical low at 3.37 in June 2001).

The yield curve reversed on the Polish interest rate market. WIBOR 3M (ca. 6.30%) was higher than the yield of 2Y and 5Y Treasury bonds (ca. 6.20%) for the first time since 2005. The yield of 10Y bonds was ca. 6%.

Banking Sector

In Q1 2008, the growth rate of bank advances and loans fell modestly (from 30% YoY at the end of December 2007 to 29.5% YoY at the end of March 2008) but the growth rate of bank liabilities grew (from 14.5% YoY to 15.1% YoY respectively). The lower growth rate of advances and loans was affected by the gradually falling interest of households in loans (down from over 40% YoY in August 2007 to 37.3% YoY in March); meanwhile, the growth rate of corporate loans has remained stable over the past 6 months (ca. 25% YoY). The upward trend in the growth rate of housing loans also strongly reversed: it fell under 50% YoY in February (47.5% YoY) for the first time since mid-2006. The growth rate of mortgage loans fell even more sharply, to 34.2% YoY in February, below the growth rate of total loans and advances to households for the first time in the history of NBP statistics (since March 2003). In view of a sharp decline in the relation of real property prices to average household income and due to rising interest rates in Poland, demand for housing loans is likely to fall further.

Growth Rate (% YoY)
Non-financial Corporate Deposits and Loans



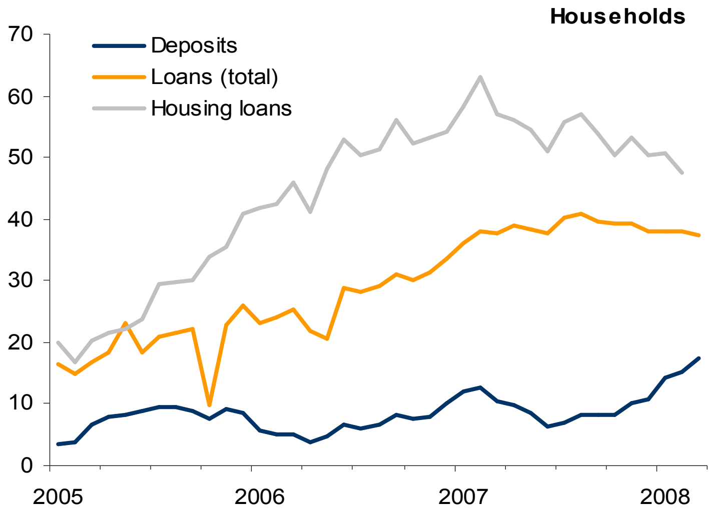
Source: NBP

The recent modest increase in the growth rate of total liabilities of banks to clients was driven by significant growth in household deposits which offset the fast falling growth rate of corporate deposits.

The growth rate of household deposits doubled since November 2007 and reached 17.5% in March. This was mainly due to the collapse on the capital market and the transfer of funds from the stock exchange and investment funds to banks (the negative balance of investment fund share acquisitions and disposals since November 2007 is estimated at PLN 18 billion).

However, the growth in deposits was also driven by fast growth in wages and other household income.

Growth Rate (% YoY)
Household Deposits and Loans



Source: NBP

Corporate deposits, however, fell by close to PLN 10 billion year to date, bringing their growth rate down to only 6.1% YoY. This most likely reflects companies' growing demand for funding for investments and current operations, also driven by fast rising costs of wages, raw materials and energy.

Key Drivers of the BRE Bank Group's Performance in Q1 2008

Balance Sheet

The BRE Bank Group's balance sheet total was PLN 60.6 billion at 31 March 2008, up by 33.1% year on year and up by over 8% quarter on quarter.

Credits and loans grew the fastest in nominal terms, by PLN 11.4 billion or 44.3% year on year. High growth was reported for both retail loans and corporate loans thanks to the continued upturn in the corporate loans market. The retail loans portfolio grew by PLN 5.3 billion or 53.6% year on year while the corporate loans portfolio grew by PLN 6.3 billion or 40.4% year on year.

The growth rate of loans was over 10% (PLN 3.6 billion) in Q1 2008, mainly driven by corporate loans (up by PLN 2.3 billion or 11.7%) while retail loans grew less dynamically (PLN 1.3 billion or 9.6%).

Advances and loans to banks were down modestly year on year (down by ca. PLN 440 million or 7%); but they almost tripled quarter on quarter, up by PLN 4.1 billion. The balances of securities, both trading and investment securities, changed in the opposite direction in this period, while liquid assets (cash with the central bank, advances and loans to banks, securities) remained stable throughout the period, ensuring high safety of the business. However, the structure of liquid assets changed: interbank deposits fell and securities grew in 2007 while the trend reversed in 2008 with deposits back to last year's levels. The change occurred at the Bank as a result of management of the balance sheet structure in terms of liquidity and capital adequacy risks in relation to the profitability of business.

Amounts due to clients, the Group's major source of funding, grew the most by value: they were up by PLN 6.9 billion year on year, reaching PLN 33.6 billion at the end of March 2008, close to 60% of total liabilities. The growth rate of amounts due to clients was much lower in Q1 2008 (ca. 4%), which is a regular trend observed at the Bank also in previous years.

Credit lines, issues of bonds, and subordinated debt were supplementary sources used to finance the growth in assets in the reporting period.

Liabilities to other banks grew by PLN 6.2 billion (71%) year on year, mainly thanks to obtained credit lines in the Swiss franc used to finance the growing portfolio of housing loans granted mainly in the Swiss franc. Long-term and mid-term credit lines obtained by the Bank grew by ca. PLN 3.9 billion year on year.

Credit lines obtained grew by PLN 1.4 billion in Q1 2008, resulting in a 21% growth in liabilities to banks. In March 2008, Commerzbank granted the Bank a three-year CHF 500 million loan to finance current business. In addition, the Bank's sell-buy-back transactions, shown under liabilities to banks, grew by ca. PLN 1 billion quarter on quarter.

The share of equity in sources of funding was stable, modestly above 6% of the balance sheet total in Q1 2008.

The capital adequacy ratio was 9.48% at the end of Q1 2008, compared to 10.16% at the end of 2007 and 10.86% at the end of March 2007. The ratio decreased modestly despite a large growth of own funds, driven through the retention of the 2007 profit, mainly due to the inclusion of the operational risk requirement in the Group's total capital requirement for the first time, in line with new external regulations, and also due to dynamic growth of lending. As a result, the Group's own funds were PLN 4.3 billion at the end of March 2008, compared to PLN 4 billion at the end of 2007 and PLN 3.5 billion at the end of March 2007; the capital requirement grew from PLN 2.6 billion at the end of March 2007 to PLN 3.1 billion at the end of 2007 and PLN 3.7 billion in 2008 (including PLN 0.3 billion of operational risk requirement).

Profit and Loss Account

The BRE Bank Group generated a profit before tax of PLN 427.6 million in Q1 2008, up by 44.5% year on year.

As discontinued operations are shown separately under the pre-tax profit, the individual profit and loss account items are discussed below for the continued operations.

The consolidated profit before tax of the continued operations grew by 105.4% or PLN 216.7 million in Q1 2008 and was PLN 422.3 million thanks to nearly all P&L items. Net of the one-off transaction of sale of Vectra SA, the profit before tax grew by 38.4% (close to PLN 80 million).

The net interest income grew significantly, by over 38% year on year. It was PLN 315.3 million, compared to PLN 227.5 million in Q1 2007. The higher net interest income was possible thanks to growth both at the Bank and the subsidiaries. The BRE Bank Group's interest margin (net interest income to average interest-earning assets) was 2.4% in 2008, compared to 2.3% in 2007, as the upward trend continued. The net interest income in 2008 was helped by changes in the balance sheet structure and growing interest margins on some banking products. A more effective balance sheet structure was possible through a higher contribution of Retail Banking to the Bank's assets and liabilities, a growing portfolio of corporate loans, and a better match of the maturity structure of the balance sheet combined with an increase in own funds. The Retail Banking Line made the greatest contribution to the growth in the net interest income of the BRE Bank Group (up by over 50% YoY or PLN 48 million). Meanwhile, the net interest income of Corporates and Markets grew by 31% or PLN 43 million.

The net commission income grew by ca. 5% year on year in Q1 2008 (the lowest growth of all income items) and was PLN 150.4 million, compared to PLN 142.8 million in 2007. However, even with this growth rate, the net commission income remained the second largest income item of the Group. The growth rate declined mainly due to the falling commission income of Corporates Line subsidiaries due to the weaker conditions on the money and capital markets. Nevertheless, Corporates and Markets again made the largest contribution to the net commission income at 57.9% of the Group's income. Thanks to continued high growth by almost 10% year on year, the contribution of the Retail Banking Line to the Group's net commission income grew steadily to 34.1% at the end of March 2008.

The trading income at PLN 135.1 million at the end of March 2008 was up by 19.2% year on year. Corporates and Institutions made the greatest contribution to the trading income in 2008, at 40% (compared to 34% in 2007), mainly thanks to very high growth at close to 40%. The contribution of Trading and Investments to the Group's trading income was lower than before, at 37% (44% in 2007). Retail Banking retained a significant share in the trading income of the Group at 22-23%. The growth in the Group's trading income was reported mainly by the Bank whose contribution was overwhelming at 96%.

The income from investment securities grew by PLN 130 million year on year thanks to the profit on the sale of Vectra SA at PLN 137.7 million.

The net other operating income (other operating income and costs) was very high in Q1 2008, mainly thanks to the profits of the real property subsidiary BRE.locum driven by good market conditions and retained high prices. The subsidiary's net income grew by ca. PLN 32 million year on year.

Credit and loans impairment provisions were PLN 22.2 million in Q1 2008 and more than tripled year on year, mainly at the Bank as the subsidiaries' provisions were down modestly year on year. The Bank set up net provisions at PLN 15.4 million, compared to net provisions released in 2007.

Overhead costs were up by 22% or PLN 54 million year on year in Q1 2008. The highest growth occurred in payroll costs, up by PLN 31.4 million or 22.8%, mainly due to business expansion necessitating adequate headcount growth as well as created bonus provisions. Maintenance costs grew by 19.2% or PLN 19.4 million year on year. The growth in maintenance costs was mainly a result of the expanding branch network and the expansion of business operations including mBank's transborder expansion.

It must be stressed that the growth in overhead costs was much lower than the growth in the income of the Group, up by over PLN 288 million or 57.6% (PLN 150.7 million or 30.1% on the core business net of the one-off transaction). Depreciation and amortisation costs were up by less than 6% in Q1 2008.

Performance of the Business Lines

The results of the BRE Bank Group segments refer to the report covering both continued and discontinued operations under relevant items.

The analysis of segment results was carried out pursuant to the business classification changed at the BRE Bank Group in 2007.

Retail Banking and Private Banking

Financial Results

The Retail Banking and Private Banking Line, which had grown the fastest in earlier periods, grew less fast in Q1 2008 and reported a profit before tax of PLN 76.0 million (v. PLN 69.3 million in Q1 2007). This was mainly due to significant costs of new retail branches, including transborder expansion, charged to the Line's results.

Nevertheless, the contribution of the Business Line to the Group's pre-tax profit remained relatively high, at 18%, compared to 23% in Q1 2007.

The Line's net interest income (up by 52%) and net commission income (up by 10%) grew the most in the entire Group. As a result, the Business Line's contribution to the Group's total net interest and commission income grew from 37.4% in 2007 to 40.8% in 2008.

The significant growth in profit was largely driven by the dynamic growth in the loans portfolio, mainly the portfolio of mortgage loans carrying a low credit risk (Retail Banking mortgage loans portfolio up by 14% year to date, or by over PLN 1.5 billion), which boosted a sharp growth in the net interest and commission income offsetting the ongoing credit margin squeeze. The net commission income was mainly driven by new insurance products combined with mortgage loans (bancassurance) offered by the Retail Banking Line as well as income from the sale of investment fund products.

Thanks to dynamic expansion of the branch network, the Retail Banking Line reported a significant increase in overhead costs, up by approximately 52% or PLN 47.4 million, more than the Group's average but much less than the growth rate of the Line's income, up by PLN 66 million.

The data below, concerning mBank, relate only to business activities carried out within Poland.

Customers

BRE Bank's Retail Banking Line had 2,159.4 thousand customers at the end of March 2008 (including 1,732.3 thousand at mBank and 427.1 thousand at MultiBank). The number of customers grew by 121.4 thousand year to date (up by 6.0%; 103.7 thousand at mBank, 17.7 thousand at MultiBank).

The Bank had 251.1 thousand microenterprise customers (185.9 thousand at mBank, 65.2 thousand at MultiBank). The number of new microenterprise customers acquired year to date was 15.5 thousand (up by 6.6%; 12.6 thousand at mBank, 2.9 thousand at MultiBank).

Accounts

The Retail Banking Line had 2,587.1 thousand accounts at 31 March 2008 (2,323.1 thousand at mBank, 264.0 thousand at MultiBank). The number of accounts grew by 162.2 thousand year to date (up by 6.7%; 151.1 thousand at mBank, 11.1 thousand at MultiBank).

There were 301.4 thousand microenterprise accounts (236.2 thousand at mBank, 65.2 thousand at MultiBank), up by 18.2 thousand year to date (up by 6.4%; 15.1 thousand at mBank, 3.1 thousand at MultiBank).

Deposits

BRE Bank Retail Banking deposits were PLN 11,961.7 million at the end of Q1 2008 (PLN 8,831.1 million at mBank, PLN 3,130.6 million at MultiBank).

The balance-sheet deposits grew by PLN 1,598.5 million year to date (up by 15.4%; PLN 1,201.0 million at mBank, PLN 397.5 million at MultiBank).

According to statistics at the end of February, the market share of the BRE Bank Retail Banking Line deposits was 4.1%.

Investment Funds

Investment fund assets of BRE Bank retail customers were PLN 1,818.9 million at the end of March 2008 (PLN 1,419.9 million at mBank, PLN 399.0 million at MultiBank).

Investment fund assets decreased by PLN 615.5 million in January-March 2008 (down by 25.3%; PLN 436.2 million at mBank, PLN 179.3 million at MultiBank).

The market share of the BRE Bank Retail Banking Line's investment funds was 1.7% at the end of February.

Loans

Balance-sheet loans were PLN 14,946.0 million at the end of March 2008 (PLN 6,234.3 million at mBank, PLN 8,711.7 million at MultiBank). Loans were up by PLN 1,808.7 million year to date (up by 13.8%; PLN 835.5 million at mBank, PLN 973.2 million at MultiBank).

The BRE Bank Retail Banking Line's market share in retail loans was 5.4% at the end of February 2008.

All microenterprise loans were PLN 1,324.7 million at the end of March 2007 (PLN 194.3 million at mBank, PLN 1,130.4 million at MultiBank), of which 33.5% were mortgage loans (18.3% at mBank, 36.1% at MultiBank).

Structure of the Credit Portfolio:

- mBank: 83.9% mortgage loans, 5.0% credit lines, 4.1% credit cards, 7.0% other;
- MultiBank: 85.0% mortgage loans, 5.5% credit lines, 1.4% credit cards, 8.1% other.

Mortgage Loans to Retail Customers	***Total***	***PLN***	***FX***
Balance-sheet value (PLN B)	12.2	2.3	9.9
Average maturity (years)	23.3	21.3	23.8
Average value (PLN K)	188.9	208.1	184.9
Average LTV (%)	64.44%	56.59%	65.89%
NPL (%)	0.3%	1.1%	0.2%

The Retail Banking Line balance-sheet mortgage loans were PLN 12,637.3 million at the end of March 2008 (PLN 5,231.9 million at mBank, PLN 7,405.4 million at MultiBank), including mortgage loans to retail customers at PLN 12,194.1 million (PLN 5,196.3 million at mBank, PLN 6,997.8 million at MultiBank). The balance-sheet mortgage loans were up by PLN 1,536.2 million in January-March 2008 (up by 13.8%; PLN 691.1 million at mBank, PLN 845.1 million at MultiBank).

Cards

The number of credit cards issued by the end of March 2008 was 276.1 thousand (178.8 thousand at mBank, 97.3 thousand at MultiBank). The number of credit cards grew by 25.4 thousand year to date (up by 10.1%; 16.7 thousand at mBank, 8.7 thousand at MultiBank).

The number of debit cards issued by the end of March 2008 was 1,582.0 thousand (1,213.2 thousand at mBank, 368.8 thousand at MultiBank). The number of debit cards grew by 127.3 thousand year to date (up by 8.8%; 103.2 thousand at mBank, 24.1 thousand at MultiBank).

According to data at the end of February 2008, the market share of the BRE Bank Retail Banking Line in credit cards was 3.5% by the amount of credit under cards.

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Expansion of the Distribution Network

mBank:
mBank's distribution network had 117 locations (61 mKiosks, 15 Financial Centres, 41 Partner mKiosks).

MultiBank:
MultiBank had 113 outlets (67 Financial Services Centres, 46 Partner Outlets including 30 Branches of the Future, both Financial Services Centres and Partner Outlets).

Corporates and Markets

Financial Results

The business segment which covers lending and investment banking products sold to corporate customers generated a profit before tax of PLN 321 million in Q1 2008, up by 133% or PLN 183 million. The segment made the largest contribution to the Group's profit at 75%. Nearly all profit components improved year on year but the core business grew the most.

The results of the Line in 2008 were helped by ongoing positive sales trends, the retained high quality of the loans portfolio, and improving productivity.

Both assets (up by 24% from PLN 37.6 billion to PLN 46.5 billion) and liabilities (up by 22.5% from PLN 34.8 billion to PLN 42.7 billion) grew significantly year on year. The dynamic growth of business was mainly reflected in the very high net interest income (PLN 182.2 million) and net commission income (PLN 91.0 million). The ongoing positive trends in financial and fx markets enabled an equally high trading income (PLN 104.3 million) including fx transactions and profit on fx financial instruments. The high income was driven, among others, by customers' active trading on the fx market and an effective hedging strategy pursued by BRE Bank.

The contribution of Corporates and Markets subsidiaries to the Line's profit remained high, although their contribution (including the cost of financing and consolidation adjustments) was down from 26% to 21% due to the very high growth rate of the Bank's profit (up by 44% net of the one off transaction, compared to 11% in the subsidiaries). The largest contributions came from DI BRE, BRE Leasing Sp. z o.o., BRE Bank Hipoteczny S.A., and Intermarket Bank AG.

The Corporates and Markets segment includes sub-segments: Corporate Customers and Institutions which covers the key area of customer relations, and Trading and Investments, the area of liquidity and risk management.

Corporate Customers and Institutions

Financial Results

The profit before tax at PLN 147.2 million generated in Q1 2008 was up by 54.4% or PLN 51.9 million year on year, mainly thanks to a higher income on the core business. Particularly high year-on-year growth was reported for the net interest income (up by ca. PLN 43 million) due to strong growth in lending and deposits. In addition, the growth in costs (2%) was much lower, helping the productivity of business.

The contribution of Corporate Customers and Institutions to the profit before tax of Corporates and Markets remained high at 46% including a one-off transaction and 80% excluding the one-off transaction, compared to 69% last year, as a result of a growing share of regular customer transactions in the Group's results.

Corporate Customers

The Bank's very active customer acquisition produced positive results in Q1 2008. BRE Bank acquired 562 new corporate customers year to date, of which 74% were K3 customers and 22% were K2 customers. The number of corporate customers totalled 12,435 companies at the end of March 2008, up by 150 companies year to date.

Corporate Banking Line Customers

	31.12.2006	*31.12.2007***	*31.03.2008*	*Change*
*K1**	969	963	948	-15
*K2**	3 470	3 721	3 770	+49
*K3**	7 003	7 601	7 717	+116
Total	11 442	12 285	12 435	+150

** K1 is the segment of the largest corporations with annual sales over PLN 1 billion; K2 is the segment of corporations with annual sales between PLN 30 million and PLN 1 billion; K3 is the segment of SMEs with annual sales between PLN 3 and 30 million.*
*** After customer base verification.*

Corporate Customers Deposits

BRE Bank's corporate customers' deposits (including deposits of enterprises) were PLN 17.6 billion at the end of March 2008, down by PLN 2.1 billion year to date. Deposits of enterprises were PLN 12.5 billion at the end of March, down by 6.2% year to date. In this period, total deposits of enterprises were down by 7.0%. The market share of BRE Bank's corporate deposits was 9.3%, compared to 9.3% in December 2007 and 8.7% at the end of March 2007.

Corporate Customers Loans

BRE Bank's loans granted to corporate customers (including enterprises) were PLN 14.4 billion at the end of March 2008, up by close to PLN 1.7 billion year to date. Loans to enterprises were PLN 12.8 billion, up by 11.2% year to date. In this period, total loans to enterprises were up by 6.8%. The market share of BRE Bank's loans granted to enterprises was 6.7% at the end of March 2008, compared to 6.5% at the end of 2007 and 6.0% at the end of March 2007.

Strategic Product Lines

Cash Management
Ongoing expansion of the cash management offer supports long-term customer relationships and helps to grow the volume of transactions involving the identification of payments and the number of customers using advanced cash management products. The number of direct debits processed in Q1 2008 was close to 548 thousand, up by 23.6% year on year. The number of identifications of trade payments grew dynamically: in January-March 2008, there were over 1.4 million transactions, up by 44.5% year on year. The number of customers using bank account consolidation facilities grew by 39.3% year on year.

Banking Products with EU Financing
The sales of loans and guarantees related to EU financing in Q1 2008 were up by 55.5% year on year and the commission income grew by almost 66%. The value of credit commitments fell year on year because a call for applications under the financial perspective 2007-2012 only started in April 2008 (Measure 123 "Growing the Added Value of Basic Agricultural and Forestry Production", Rural Area Development Programme).

Trade Finance
Income generated on sales of trade finance products grew by 17.9% year on year. In Q1 2008, 84% of orders to open import letters of credit were processed through the on-line electronic banking system; this functionality was implemented in 2007.

Financial Instruments
The revenues on the sales of financial instruments to corporate customers was over PLN 51.5 million in Q1 2008, up by 40% year on year.

Corporate Branch Network Expansion

In Q1 2008, BRE Bank continued to optimise and rearrange the functionality and image of the corporate branch network and to open Corporate Offices as sales units of the existing branch network. By the end of March 2008, 12 Corporate Offices were operational in Koszalin, Toruń, Słupsk, Piła, Płock, Radom, Suwałki, Konin, Wałbrzych, Gliwice, Nowy Sącz, and Włocławek. Another 8-11 Corporate Offices will be opened by the end of H1 2008. Two corporate branches (Opole and Częstochowa) are in the process of functional and image modernisation to enable the functionality of a business centre (venue of business and professional meetings).

Subsidiaries

<u>BRE Leasing</u>

Leasing contracts executed by BRE Leasing in Q1 2008 totalled PLN 805 million (up by 23% year on year). BRE Leasing generated a pre-tax profit of PLN 10.5 million in Q1 2008, up by over 19% year on year.

<u>Factoring – The Intermarket Group</u>

The sales of the Intermarket Group companies totalled EUR 1.4 billion in Q1 2008, up by 8% year on year. The pre-tax profit of the companies was PLN 14.4 million (up by 17.0% YoY). The Polish company Polfactor's sales were PLN 0.8 billion. Its pre-tax profit was PLN 3.1 million in Q1 2008 (up by 21.3% YoY).

<u>DI BRE Banku</u>

DI BRE's share in the options market was over 26%. The company ranked third among the most active brokers on the futures market in Q1 2008 with a share of 10.9%. DI BRE retained its high share in stocks trading. In Q1

2008, DI BRE concluded 5.80% of all transactions on the stock market compared to 6.5% in 1Q 2007 and 6.64% at the end of 2007. The slide in equity trading was caused by the significant decrease of market activities of retail clients and gradual increase of activities from remote members of the WSE (3.12% in Q1 2007 and 8.25% in Q1 2008 respectively) Regardless of the negative tends, the share of trading for institutional clients in the overall WSE turnover remained stable.

The company carried out 2 IPOs (Optopol SA – PLN 66 million, Unibep SA PLN 71 million) in Q1 2008 with total value over PLN 137 million. Its profit before tax was PLN 10.5 million in Q1 2008 vs PLN 10.6 mln in 4Q2007 and PLN 53.9 mln in 2007.

AQ Research gave the DI BRE Research Team members Mr. Michał Marczak Head of Research and Ms. Marta Jeżewska Deputy Head of Research rank no 1 and no 2 respectively in a ranking of the best analysts in CEE.

<u>BRE Corporate Finance</u>

The Company mainly concentrated its activity on the continuation of long-term projects, related to the execution of M&A transactions, arranging of financing and advisory services in preparation of valuations and business plans.

In Q1 2008 the IPO of Optopol Technology was executed at the amount of PLN 66 million. By the end of March 2008 Unibep's IPO project was completed, although Unibep SA debuted on Warsaw Stock Exchange on 4 April 2008.

In Q1 2008 the Company was also involved in intensive works on acquiring new clients and initiation of new projects that will be executed in Q2 2008.

The company's sales were PLN 1.75 million and its loss before tax was PLN 333.7 thousand.

<u>BRE Bank Hipoteczny (BBH)</u>

BBH's total balance-sheet and off-balance-sheet loans portfolio was PLN 4.33 billion at the end of Q1 2008, up by 30.7% year on year. The assets increased by 35.6% reaching PLN 3.5 million after 3 months of 2008. BBH's profit before tax was PLN 11.37 million (compared to PLN 9.38 million in Q1 2007).

The Bank issued PLN 200 million of mortgage bonds at WIBOR + 80 bp to mature in 2.5 years (i.e. half of 2010).

Trading and Investments

Financial Results

The area generated a profit before tax of PLN 173.9 million in Q1 2008 (including PLN 137.7 million on the one-off transaction of sale of Vectra SA), compared to PLN 42.3 million in Q1 2007.

The structure of the segment's profit in 2008 was dominated by a very high income on investment securities at the cost of the contribution of the other income items: trading income and net interest income.

The Line's profit before tax was mainly generated by the Bank while the subsidiaries made a marginal contribution to the profit.

Market Position

BRE Bank had the first position in the market of medium-term bank debt securities with a market share of 29.4% and the second position in the market of medium-term corporate bonds and short-term commercial papers with a market share of 19.4% and 19.5%, respectively (as of the end of March 2008). Despite the fact that due to lower institutional demand the volume of issued medium term bonds decreased in Q1 2008 v. Q4 2007, the Bank maintained a very high market share in new corporate and bank medium-term issues placed, amounting to ca 60 %.

The Bank has maintained its active presence on the financial markets, with a market share of ca. 23% in interest rate derivative instruments and ca. 17% in trading in Treasury bills and bonds. Its share in fx transactions (spot and forward) was ca. 5 % while its share in WIG20 index options was ca. 15% (as at the end of February 2008).

A strong increase was achieved in selling derivative products to clients, particularly in FX options, where volumes increased by 35% v. Q4 2007, due to implementation of an enhanced pricing and risk management system (Murex).

Treasury

The Treasury Department manages the liquidity reserves portfolio of the Bank. The liquidity portfolio consists of Treasury bills and Treasury bonds (fixed and float rate notes).

The average level of the liquidity reserves in March 2008 was PLN 6.27 billion and in comparison to December 2007 was higher by about PLN 250 million.

Proprietary Investments Portfolio

At the end of Q1 2008, the proprietary investments portfolio managed by DFI (Financial Investments Dept.) totalled PLN 312 million at cost. Compared to the beginning of 2008, the value of portfolio at cost was down by PLN 122 million, following the Bank's sale of shares of Vectra SA and the increase of the share capital of Garbary Sp. z o.o. The result on the sale of Vectra shares, after accounting for additional costs, closed at the level of PLN 137.7 million gross and net.

Asset Management

Financial Results

In the presentation of the consolidated profit and loss account, this business is shown as discontinued operations at the pre-tax profit level and includes in 2008 the profit of the subsidiary PTE held for sale and in 2007 additionally the profit on the sale of the subsidiary SAMH. In segment reporting, this business is shown under individual P&L items including intra-Group transactions.

According to the internal reporting format, the segment reported a profit before tax of PLN 0.5 million in 2008, much less than in 2008 (PLN 86.3 million) due to the sale of the subsidiary SAMH at a pre-tax profit of PLN 89.5 million closed in 2007.

Quality of the Loans Portfolio

A major criterion of the evaluation of the quality of the credit risk portfolio is the portfolio structure and valuation based on the provisions of the International Accounting Standards (IAS) 39 and 37 concerning the identified impairment exposures portfolio and relevant provisions.

The default ratio for the risk portfolio under IAS 39 and IAS 37 was 1.4% at the end of Q1 2008, compared to 1.5% at the end of 2007, and 2.8% at the end of 2006.

The default ratio for the balance-sheet credit risk portfolio (credit receivables less interest) was 1.9% at the end of Q1 2008 (down from 2.2% at the end of 2007 and 4.4% at the end of 2006).

The growth of the credit risk portfolio and the improvement of its quality as measured by the share of the default portfolio has continued since 2006.

The main factor of continued improvement in the quality of the credit risk portfolio was significant growth in the loans portfolio. In addition, the financial standing of companies financed by the Bank improved considerably, restructuring was enforced, and default loans were repaid. This resulted in a modest increase of the nominal default portfolio while new exposures were rated as default.

The ratio of provisions to default credit exposure fell to 69.5% at the end of Q1 2008 from 73.3% at the end of 2007 for the whole credit risk portfolio. The ratio for the balance-sheet portfolio was down from 75.9% to 75.4%. The main reason for the decrease in the ratio was the sale of PLN 21.5 million of retail loans (100% coverage).

As the credit risk portfolio grew significantly, the impaired but not reported loss (IBNR) reserve for the non-default portfolio grew and was PLN 159 million at the end of Q1 2008, compared to PLN 152 million at the end of 2007.

IFRS Consolidated Financial Statements for the first quarter of 2008 PLN (000's)

Consolidated Income Statement

	Note	1st quarter (current year) from 01.01.2008 to 31.03.2008	1st quarter (previous year) from 01.01.2007 to 31.03.2007
Continued operations			
Interest income		766 844	498 462
Interest expense		(451 498)	(270 926)
Net interest income	5	**315 346**	**227 536**
Fee and commission income		210 997	181 721
Fee and commission expense		(60 556)	(38 864)
Net fee and commission income	6	**150 441**	**142 857**
Dividend income	7	-	-
Net trading income, including:	8	135 107	113 374
Foreign exchange result		*129 340*	*99 393*
Other trading income		*5 767*	*13 981*
Gains less losses from investment securities	9	137 487	7 055
Other operating income	10	128 678	41 166
Impairment losses on loans and advances	11	(22 242)	(6 944)
Overhead costs	12	(299 286)	(245 339)
Amortization and depreciation		(45 415)	(42 942)
Other operating expenses	13	(77 839)	(31 205)
Operating profit		**422 277**	**205 558**
Share of profit of associates		-	-
Profit before income tax from continued operations		**422 277**	**205 558**
Income tax expense		(62 223)	(47 732)
Net profit from continued operations including minority interest		**360 054**	**157 826**
Discontinued operations	19		
Profit before income tax from discontinued operations		**5 301**	**90 308**
Income tax expense		(1 111)	(19 112)
Net profit from discontinued operations including minority interest		**4 190**	**71 196**
Net profit from continued and discontinued operations including minority interest, of which:		**364 244**	**229 022**
Net profit attributable to minority interest		13 418	6 284
Net profit		**350 826**	**222 738**
Net profit from continued operations attributable to the Bank's equity holders		**346 636**	**151 542**
Weighted average number of ordinary shares	14	**29 661 938**	**29 520 547**
Earnings on continued operations per 1 ordinary share (in PLN)	14	**11.69**	**5.13**
Weighted average number of ordinary shares for diluted earnings	14	**29 688 292**	**29 682 909**
Diluted earnings on continued operations per 1 ordinary share (in PLN)	14	**11.68**	**5.11**

IFRS Consolidated Financial Statements for the first quarter of 2008 PLN (000's)

Consolidated Balance Sheet

	Note	31.03.2008	31.12.2007	31.03.2007
ASSETS				
Cash and balances with the Central Bank		562 541	2 003 535	1 068 959
Debt securities eligible for rediscounting at the Central Bank		16 807	23 259	22 859
Loans and advances to banks		6 248 471	2 089 936	6 688 560
Trading securities	15	3 041 343	3 403 174	1 473 055
Derivative financial instruments		2 177 548	2 272 638	1 462 036
Loans and advances to customers	16	37 235 844	33 682 665	25 813 235
Investment securities	17	4 881 296	6 386 574	4 048 085
- Available for sale		4 881 296	6 386 574	4 048 085
Non-current assets held for sale	19	355 220	336 078	320 133
Pledged assets	15, 17	3 948 271	3 708 158	2 749 847
Investments in associates		9 074	4 823	4 122
Intangible assets		404 739	404 967	368 264
Tangible fixed assets		684 785	670 213	584 190
Deferred income tax assets		116 698	116 290	67 701
Other assets		936 138	880 663	861 684
Total assets		**60 618 775**	**55 982 973**	**45 532 730**
EQUITY AND LIABILITIES				
Amounts due to the Central Bank		880 000	-	-
Amounts due to other banks		14 903 738	12 286 940	8 713 798
Derivative financial instruments and other trading liabilities		1 995 217	2 164 214	1 315 424
Amounts due to customers	18	33 614 315	32 401 863	26 674 466
Debt securities in issue		2 727 198	2 928 414	3 645 473
Subordinated liabilities		1 735 327	1 661 785	1 536 070
Other liabilities		959 297	879 975	665 921
Current income tax liabilities		32 840	134 234	6 206
Deferred income tax liabilities		21 188	455	51 991
Provisions		79 665	71 227	69 999
Liabilities held for sale	19	11 452	12 543	9 311
Total liabilities		**56 960 237**	**52 541 650**	**42 688 659**
Equity				
Capital and reserves attributable to the Bank's equity holders		**3 523 987**	**3 324 511**	**2 751 250**
Share capital:		**1 517 872**	**1 517 432**	**1 498 608**
- Registered share capital		118 655	118 643	118 111
- Share premium		1 399 217	1 398 789	1 380 497
Other reserves		**(69 408)**	**74 204**	**1 565**
Retained earnings:		**2 075 523**	**1 732 875**	**1 251 077**
- Profit from the previous years		1 724 697	1 022 781	1 028 339
- Profit for the current year		350 826	710 094	222 738
Minority interest		**134 551**	**116 812**	**92 821**
Total equity		**3 658 538**	**3 441 323**	**2 844 071**
Total equity and liabilities		**60 618 775**	**55 982 973**	**45 532 730**
Capital adequacy ratio		**9.48**	**10.16**	**10.86**
Book value		**3 523 987**	**3 324 511**	**2 751 250**
Number of shares		**29 663 778**	**29 660 668**	**29 527 770**
Book value per share (in PLN)		**118.80**	**112.08**	**93.18**
Diluted number of shares		**29 690 132**	**29 690 132**	**29 690 132**
Diluted book value per share		**118.69**	**111.97**	**92.67**

IFRS Consolidated Financial Statements for the first quarter of 2008 PLN (000's)

Consolidated Statements of Changes in Equity

Changes in equity from 1 January 2008 to 31 March 2008

	Share capital			Retained earnings						
	Registered share capital	Share premium	Other reserves	Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year	Minority interest	Total equity
Equity as at 1 January 2008	**118 643**	**1 398 789**	**74 204**	**322 262**	**22 288**	**559 110**	**829 215**	**-**	**116 812**	**3 441 323**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2008	**118 643**	**1 398 789**	**74 204**	**322 262**	**22 288**	**559 110**	**829 215**	**-**	**116 812**	**3 441 323**
Net change in investments available for sale, net of tax	-	-	(142 748)	-	-	-	-	-	-	(142 748)
Currency translation differences	-	-	(864)	-	-	-	-	-	(530)	(1 394)
Net profit/(loss) not recognised in the income statement	**-**	**-**	**(143 612)**	**-**	**-**	**-**	**-**	**-**	**(530)**	**(144 142)**
Net profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**350 826**	**13 418**	**364 244**
Total profit recognised in the current year	**-**	**-**	**(143 612)**	**-**	**-**	**-**	**-**	**350 826**	**12 888**	**220 102**
Dividends paid	-	-	-	-	-	-	-	-	(3 186)	(3 186)
Transfer to General Banking Risk Fund	-	-	-	-	-	50 000	(50 000)	-	-	-
Transfer to reserve capital	-	-	-	-	6 573	-	(6 573)	-	-	-
Transfer to supplementary capital	-	-	-	611 112	-	-	(611 112)	-	-	-
Issue of shares	12	287	-	-	-	-	-	-	-	299
Other changes	-	-	-	-	-	-	(8 037)	-	8 037	-
Stock option program for employees	-	141	-	-	(141)	-		-	-	-
- settlement of exercised options	-	*141*	-	-	*(141)*	-	-	-	-	-
Equity as at 31 March 2008	**118 655**	**1 399 217**	**(69 408)**	**933 374**	**28 720**	**609 110**	**153 493**	**350 826**	**134 551**	**3 658 538**

Changes in equity from 1 January 2007 to 31 December 2007

	Share capital			Retained earnings						
	Registered share capital	Share premium	Other reserves	Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year	Minority interest	Total equity
Equity as at 1 January 2007	**118 064**	**1 378 882**	**5 110**	**9 451**	**20 899**	**558 000**	**440 360**	**-**	**91 433**	**2 622 199**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2007	**118 064**	**1 378 882**	**5 110**	**9 451**	**20 899**	**558 000**	**440 360**	**-**	**91 433**	**2 622 199**
Net change in investments available for sale, net of tax	-	-	75 352	-	-	-	-	-	-	75 352
Currency translation differences	-	-	(6 258)	-	-	-	-	-	(3 366)	(9 624)
Net profit/(loss) not recognised in the income statement	**-**	**-**	**69 094**	**-**	**-**	**-**	**-**	**-**	**(3 366)**	**65 728**
Net profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**710 094**	**37 523**	**747 617**
Total profit recognised in the current year	**-**	**-**	**69 094**	**-**	**-**	**-**	**-**	**710 094**	**34 157**	**813 345**
Dividends paid	-	-	-	-	-	-	-	-	(6 360)	(6 360)
Transfer to General Banking Risk Fund	-	-	-	-	-	1 110		-	-	1 110
Transfer to reserve capital	-	-	-	-	7 318	-	(8 428)	-	-	(1 110)
Transfer to supplementary capital	-	-	-	312 811	-	-	(312 811)	-		-
Issue of shares	579	13 330	-	-	-	-	-	-	-	13 909
Additional shareholder payments	-	-	-	-	-	-	-	-	(2 418)	(2 418)
Stock option program for employees	-	6 577	-	-	(5 929)	-		-	-	648
- value of services provided by the employees	-	-	-	-	*648*	-	-	-	-	*648*
- settlement of exercised options	-	*6 577*	-	-	*(6 577)*	-	-	-	-	-
Equity as at 31 December 2007	**118 643**	**1 398 789**	**74 204**	**322 262**	**22 288**	**559 110**	**119 121**	**710 094**	**116 812**	**3 441 323**

IFRS Consolidated Financial Statements for the first quarter of 2008 PLN (000's)

Changes in equity from 1 January 2007 to 31 March 2007

	Share capital			Retained earnings						
	Registered share capital	Share premium	Other reserves	Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year	Minority interest	Total equity
Equity as at 1 January 2007	**118 064**	**1 378 882**	**5 110**	**9 451**	**20 899**	**558 000**	**440 360**	**-**	**91 433**	**2 622 199**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2007	**118 064**	**1 378 882**	**5 110**	**9 451**	**20 899**	**558 000**	**440 360**	**-**	**91 433**	**2 622 199**
Net change in investments available for sale, net of tax	-	-	(4 380)	-	-	-	-	-	-	(4 380)
Currency translation differences	-	-	835	-	-	-	-	-	395	1 230
Net profit/(loss) not recognised in the income statement	**-**	**-**	**(3 545)**	**-**	**-**	**-**	**-**	**-**	**395**	**(3 150)**
Net profit	-	-	-	-	-	-	-	**222 738**	**6 284**	**229 022**
Total profit recognised in the current year	**-**	**-**	**(3 545)**	**-**	**-**	**-**	**-**	**222 738**	**6 679**	**225 872**
Dividends paid	-	-	-	-	-	-	-	-	(1 044)	(1 044)
Transfer to reserve capital	-	-	-	-	8 690	-	(8 690)	-	-	-
Transfer to supplementary capital	-	-	-	278 591	-	-	(278 591)	-	-	-
Issue of shares	47	1 082	-	-	-	-	-	-	-	1 129
Additional shareholder payments	-	-	-	-	-	-	-	-	(2 417)	(2 417)
Other changes	-	-	-	-	-	-	-	-	(1 830)	(1 830)
Stock option program for employees	-	533	-	-	(371)	-	-	-	-	162
- value of services provided by the employees	-	-	-	-	*162*	-	-	-	-	*162*
- settlement of exercised options	-	*533*	-	-	*(533)*	-	-	-	-	-
Equity as at 31 March 2007	**118 111**	**1 380 497**	**1 565**	**288 042**	**29 218**	**558 000**	**153 079**	**222 738**	**92 821**	**2 844 071**

IFRS Consolidated Financial Statements for the first quarter of 2008 PLN (000's)

Consolidated Cash Flow Statement

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
A. Cash flow from operating activities	**782 622**	**466 099**
Profit before income tax	**427 578**	**295 866**
Adjustments:	***355 044***	***170 233***
Income taxes paid (negative amount)	(136 993)	(18 503)
Amortisation	45 539	43 019
Foreign exchange gains (losses)	49 168	(2 443)
Gains (losses) on investing activities	(137 874)	(89 715)
Interest paid	349 369	249 807
Change in loans and advances to banks	(1 351 407)	(167 337)
Change in trading securities	1 199 222	1 788 187
Change in derivative financial instruments	95 090	(48 971)
Change in loans and advances to customers	(3 553 179)	(2 768 541)
Change in investment securities	1 254 404	(1 362 097)
Change in other assets	(58 808)	126 948
Change in amounts due to other banks	1 795 921	678 243
Change in financial instruments and other trading liabilities	(168 997)	61 524
Change in amounts due to customers	960 352	1 812 465
Change in debt securities in issue	(73 432)	(7 218)
Change in provisions	8 170	(208)
Change in other liabilities	78 499	(124 927)
Net cash from operating activities	**782 622**	**466 099**
B.Cash flows from investing activities	**202 337**	**102 107**
Investing activity inflows	**266 488**	**168 119**
Disposal of shares in subsidiaries, net of cash disposed	-	165 320
Proceeds from sale of intangible assets and tangible fixed assets	2 453	2 799
Other investing inflows	264 035	-
Investing activity outflows	**64 151**	**66 012**
Acquisition of subsidiaries, net of cash acquired	-	26 409
Purchase of intangible assets and tangible fixed assets	64 151	39 603
Net cash used in investing activities	**202 337**	**102 107**
C. Cash flows from financing activities	**1 477 133**	**259 605**
Financing activity inflows	**3 552 754**	**3 796 735**
Proceeds from loans and advances from other banks	2 145 339	990 877
Proceeds from other loans and advances	-	15 528
Issue of debt securities	1 407 116	1 820 728
Increase of subordinated liabilities	-	968 440
Issue of ordinary shares	299	1 128
Other financing inflows	-	34
Financing activity outflows	**2 075 621**	**3 537 130**
Repayments of loans and advances from other banks	446 201	929 500
Repayments of other loans and advances	3 749	4 947
Redemption of debt securities	1 534 900	1 557 596
Decrease of subordinated liabilities	-	967 075
Payments of financial lease liabilities	2 709	-
Dividends and other payments to shareholders	3 186	8 681
Other financing outflows	84 876	69 331
Net cash from financing activities	**1 477 133**	**259 605**
Net increase / decrease in cash and cash equivalents (A+B+C)	**2 462 092**	**827 811**
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	(18 286)	(9 472)
Cash and cash equivalents at the beginning of the reporting period	7 557 435	9 082 846
Cash and cash equivalents at the end of the reporting period	**10 001 241**	**9 901 185**

IFRS Consolidated Financial Statements for the first quarter of 2008 PLN (000's)

BRE Bank SA Stand Alone Financial Statements

1. Income Statement

	1st Quarter (current year) from 01.01.2008 to 31.03.2008	1st Quarter (previous year) from 01.01.2007 to 31.03.2007
Interest income	607 823	390 795
Interest expense	(356 002)	(216 653)
Net interest income	**251 821**	**174 142**
Fee and commission income	159 855	131 891
Fee and commission expense	(55 334)	(31 058)
Net fee and commission income	**104 521**	**100 833**
Dividend income	13 095	7 163
Net trading income	130 010	110 603
Foreign exchange result	*125 634*	*98 212*
Other trading income	*4 376*	*12 391*
Gains less losses from investment securities	137 487	110 450
Other operating income	11 760	13 280
Impairment losses on loans and advances	(15 377)	899
Overhead costs	(234 734)	(195 367)
Amortization and depreciation	(35 141)	(34 443)
Other operating expenses	(5 104)	(4 809)
Operating profit	**358 338**	**282 751**
Profit before income tax	**358 338**	**282 751**
Income tax expense	(45 615)	(55 053)
Net profit	**312 723**	**227 698**

Net profit	**312 723**	**227 698**
Weighted average number of ordinary shares	**29 661 938**	**29 520 547**
Earnings per 1 ordinary share (in PLN)	**10.54**	**7.71**
Weighted average number of ordinary shares for diluted earnings	**29 688 292**	**29 682 909**
Diluted earnings per 1 ordinary share (in PLN)	**10.53**	**7.67**

IFRS Consolidated Financial Statements for the first quarter of 2008 PLN (000's)

2. Balance Sheet

as at	31.03.2008	31.12.2007	31.03.2007
ASSETS			
Cash and balances with the Central Bank	547 360	1 998 380	1 055 476
Debt securities eligible for rediscounting at the Central Bank	16 807	23 259	22 859
Loans and advances to banks	6 307 237	2 166 310	6 834 107
Trading securities	3 353 523	3 721 311	1 561 617
Derivative financial instruments	2 165 208	2 263 845	1 467 434
Loans and advances to customers	29 767 871	26 378 887	20 080 739
Investment securities	4 818 712	6 226 318	3 929 321
- Available for sale	4 818 712	6 226 318	3 929 321
Non-current assets held for sale	335 819	335 819	310 822
Pledged assets	3 947 445	3 707 359	2 749 151
Investments in subsidiaries	451 758	449 098	452 655
Intangible assets	379 734	379 504	346 611
Tangible fixed assets	529 874	532 175	462 595
Deferred income tax assets	-	2 824	-
Other assets	324 421	224 721	193 298
Total assets	**52 945 769**	**48 409 810**	**39 466 685**
EQUITY AND LIABILITIES			
Amounts due to the Central Bank	880 000	-	-
Amounts due to other banks	10 329 382	7 972 900	5 826 658
Derivative financial instruments and other trading liabilities	2 015 117	2 181 420	1 337 831
Amounts due to customers	33 918 051	32 734 316	27 654 833
Debt securities in issue	37 016	36 810	36 402
Subordinated liabilities	1 735 327	1 661 785	1 536 070
Other liabilities	667 583	552 894	383 138
Current income tax liabilities	24 601	120 659	1 719
Provisions for deferred income tax	19 662	62	51 656
Provisions	68 974	68 831	60 225
Total liabilities	**49 695 713**	**45 329 677**	**36 888 532**
Equity			
Share capital	**1 517 872**	**1 517 432**	**1 498 608**
- Registered share capital	118 655	118 643	118 111
- Share premium	1 399 217	1 398 789	1 380 497
Other capital and reserves	**(63 867)**	**79 231**	**50**
Retained earnings:	**1 796 051**	**1 483 470**	**1 079 495**
- Profit for the previous year	1 483 328	846 239	851 797
- Net profit for the current year	312 723	637 231	227 698
Total equity	**3 250 056**	**3 080 133**	**2 578 153**
Total equity and liabilities	**52 945 769**	**48 409 810**	**39 466 685**
Capital adequacy ratio	**10.07**	**10.65**	**11.50**
Book value	**3 250 056**	**3 080 133**	**2 578 153**
Number of shares	**29 663 778**	**29 660 668**	**29 527 770**
Book value per share (in PLN)	**109.56**	**103.85**	**87.31**
Diluted number of shares	**29 690 132**	**29 690 132**	**29 690 132**
Diluted book value per share (in PLN)	**109.47**	**103.74**	**86.84**

IFRS Consolidated Financial Statements for the first quarter of 2008 PLN (000's)

3. Statements of Changes in Equity

Changes in equity from 1 January 2008 to 31 March 2008

	Share capital		Other capital and reserves	Retained earnings					Total
	Registered share capital	Share premium		Supplementary capital	Other reserve capital	General risk fund	Profit (loss) from previous years	Profit for the current year	
Equity as at 1 January 2008	**118 643**	**1 398 789**	**79 231**	**286 893**	**1 346**	**558 000**	**637 231**	**-**	**3 080 133**
- reclassification to fair value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2008	**118 643**	**1 398 789**	**79 231**	**286 893**	**1 346**	**558 000**	**637 231**	**-**	**3 080 133**
Net change in investments available for sale, net of tax	-	-	(142 756)	-	-	-	-	-	(142 756)
Currency translation differences	-	-	(342)	-	-	-	-	-	(342)
Net profit not recognised in income statement	**-**	**-**	**(143 098)**	**-**	**-**	**-**	**-**	**-**	**(143 098)**
Net profit (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**312 723**	**312 723**
Total profit recognised in the current year	**-**	**-**	**(143 098)**	**-**	**-**	**-**	**-**	**312 723**	**169 625**
Transfer to General Banking Risk Fund	-	-	-	-	-	50 000	(50 000)	-	-
Transfer to supplementary capital	-	-	-	587 231	-	-	(587 231)	-	-
Issue of shares	12	287	-	-	-	-	-	-	299
Other changes	-	-	-	(1)	-	-	-	-	(1)
Stock option program for employees	-	141	-	-	(141)	-	-	-	-
- settlement of exercised options	-	*141*	-	-	*(141)*	-	-	-	-
Equity as at 31 March 2008	**118 655**	**1 399 217**	**(63 867)**	**874 123**	**1 205**	**608 000**	**-**	**312 723**	**3 250 056**

Changes in equity from 1 January 2007 to 31 December 2007

	Share capital		Other capital and reserves	Retained earnings					Total
	Registered share capital	Share premium		Supplementary capital	Other reserve capital	General risk fund	Profit (loss) from previous years	Profit for the current year	
Equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
- reclassification to fair value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
Net change in investments available for sale, net of tax	-	-	78 166	-	-	-	-	-	78 166
Currency translation differences	-	-	(2 894)	-	-	-	-	-	(2 894)
Net profit not recognised in income statement	**-**	**-**	**75 272**	**-**	**-**	**-**	**-**	**-**	**75 272**
Net profit (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**637 231**	**637 231**
Total profit recognised in the current year	**-**	**-**	**75 272**	**-**	**-**	**-**	**-**	**637 231**	**712 503**
Transfer to supplementary capital	-	-	-	274 505	-	-	(274 505)	-	-
Issue of shares	579	13 330	-	-	-	-	-	-	13 909
Stock option program for employees	-	6 577	-	-	(5 929)	-	-	-	648
- value of services provided by the employees	-	-	-	-	*648*	-	-	-	*648*
- settlement of exercised options	-	*6 577*	-	-	*(6 577)*	-	-	-	-
Equity as at 31 December 2007	**118 643**	**1 398 789**	**79 231**	**286 893**	**1 346**	**558 000**	**-**	**637 231**	**3 080 133**

Changes in equity from 1 January 2007 to 31 March 2007

	Share capital		Other capital and reserves	Retained earnings					Total
	Registered share capital	Share premium		Supplementary capital	Other reserve capital	General risk fund	Profit (loss) from previous years	Profit for the current year	
Equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
- reclassification to fair value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
Net change in investments available for sale, net of tax	-	-	(4 373)	-	-	-	-	-	(4 373)
Currency translation differences	-	-	464	-	-	-	-	-	464
Net profit not recognised in income statement	**-**	**-**	**(3 909)**	**-**	**-**	**-**	**-**	**-**	**(3 909)**
Net profit (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**227 698**	**227 698**
Total profit recognised in the current year	**-**	**-**	**(3 909)**	**-**	**-**	**-**	**-**	**227 698**	**223 789**
Transfer to supplementary capital	-	-	-	274 505	-	-	(274 505)	-	-
Issue of shares	47	1 082	-	-	-	-	-	-	1 129
Stock option program for employees	-	533	-	-	(371)	-	-	-	162
- value of services provided by the employees	-	-	-	-	*162*	-	-	-	*162*
- settlement of exercised options	-	*533*	-	-	*(533)*	-	-	-	-
Equity as at 31 March 2007	**118 111**	**1 380 497**	**50**	**286 893**	**6 904**	**558 000**	**-**	**227 698**	**2 578 153**

IFRS Consolidated Financial Statements for the first quarter of 2008 PLN (000's)

4. Cash Flow Statement

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
A. Cash flow from operating activities - indirect method	**1 113 162**	**772 850**
Profit before income tax	**358 338**	**282 751**
Adjustments:	***754 824***	***490 099***
Income taxes paid (negative amount)	(118 387)	(3 437)
Amortisation	35 141	34 443
Foreign exchange gains (losses)	46 887	(3 489)
Gains (losses) on investing activities	(137 500)	(92 423)
Dividends received	(13 095)	(7 163)
Interest paid	352 319	251 782
Change in loans and advances to banks	(1 343 281)	(178 901)
Change in trading securities	1 191 108	1 763 388
Change in derivative financial instruments	98 637	(56 404)
Change in loans and advances to customers	(3 388 984)	(2 390 983)
Change in investment securities	1 148 662	(975 725)
Change in other assets	(72 696)	15 138
Change in amounts due to other banks	2 088 657	640 518
Change in financial instruments and other trading liabilities	(166 303)	70 006
Change in amounts due to customers	915 964	1 516 480
Change in debt securities in issue	206	187
Change in provisions	143	(7 149)
Change in other liabilities	117 346	(86 169)
Net cash from operating activities	**1 113 162**	**772 850**
B.Cash flows from investing activities	**242 070**	**130 783**
Investing activity inflows	**277 145**	**175 562**
Disposal of shares in subsidiaries, net of cash disposed	-	165 600
Proceeds from sale of intangible assets and tangible fixed assets	15	2 799
Other investing inflows	277 130	7 163
Investing activity outflows	**35 075**	**44 779**
Acquisition of subsidiaries, net of cash acquired	5	26 353
Purchase of intangible assets and tangible fixed assets	35 070	13 239
Other investing outflows	-	5 187
Net cash used in investing activities	**242 070**	**130 783**
C. Cash flows from financing activities	**1 067 877**	**(48 596)**
Financing activity inflows	**1 148 149**	**969 568**
Proceeds from loans and advances from other banks	1 147 850	-
Increase of subordinated liabilities	-	968 440
Issue of ordinary shares	299	1 128
Financing activity outflows	**80 272**	**1 018 164**
Repayments of loans and advances from other banks	1 764	1 938
Repayments of other loans and advances	3 749	4 897
Decrease of subordinated liabilities	-	967 075
Payments of financial lease liabilities	2 657	-
Other financing outflows	72 102	44 254
Net cash from financing activities	**1 067 877**	**(48 596)**
Net increase / decrease in cash and cash equivalents (A+B+C)	**2 423 109**	**855 037**
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	(19 529)	(9 472)
Cash and cash equivalents at the beginning of the reporting period	7 549 226	8 951 008
Cash and cash equivalents at the end of the reporting period	**9 952 806**	**9 796 573**

Explanatory Notes to the Consolidated Financial Statements

1. Information Concerning the Group of BRE Bank SA

The Group of the BRE Bank SA ("Group") consists of entities under the control of the BRE Bank SA (the "Bank") of the following nature:

- Strategic: shares and equity interests in companies supporting the different particular business lines of the BRE Bank SA (corporates and markets, retail banking, asset management) with investment horizon not shorter than 3 years. The formation or acquisition of these companies was intended to expand the range of services offered to the clients of the Bank;
- Other: company shares and equity interests acquired in exchange for receivables, in transactions resulting from composition and work out agreements with debtors, with the intention to recover a part or all claims to loan receivables and insolvent companies under liquidation or receivership.

The parent entity of the Group is BRE Bank SA, which is a joint stock company registered in Poland being a part of Commerzbank AG Group.

The head office of the Bank is located at 18 Senatorska St., Warsaw, Poland.

The shares of the Bank are listed on the Warsaw Stock Exchange.

As at 31 March 2008, the BRE Bank Group covered by the Consolidated Financial Statements comprised the following companies:

BRE Bank SA; the parent entity

Bank Rozwoju Eksportu S.A. (Export Development Bank) was established by Resolution of the Council of Ministers N° 99 of 20 June 1986. The Bank was registered pursuant to the legally valid decision of the District Court for the Capital City of Warsaw, 16th (Commercial) Division on 23 December 1986 in the Business Register under the number RHB 14036. The 9th Extraordinary Meeting of Shareholders held on 4 March 1999 adopted the resolution changing the Bank's name to BRE Bank SA. The new name of the Bank was entered in the Business Register on 23 March 1999. On 11 July 2001, the District Court in Warsaw issued the decision on the entry of the Bank in the National Court Registry (KRS) under number KRS 0000025237.

According to the Polish Classification of Business Activities, the business of the Bank was classified as "Other banking business" under number 6512A. According to the Stock Exchange Quotation, the Bank is classified as pertaining to the "Banks" sector of the "Finance" macro-sector.

According to the By-laws of the Bank, the scope of its business consists of providing banking services and consulting-advisory services in financial matters, as well as the conduct of business activities within the scope described in its By-laws. The Bank operates within the scope of corporate, institutional and retail banking (including private banking) throughout the whole country and operates trade and investment activity.

In November 2007, foreign branches of mBank in both the Czech Republic and Slovakia opened business under the retail banking umbrella of BRE Bank.

The Bank provides services to Polish and international corporations and individuals, both in the local currency (Polish Zloty, PLN) and in foreign currencies. In particular, the Bank supports all kinds of activities leading to the development of exports.

The Bank may open and maintain accounts with Polish and foreign banks, and can possess foreign exchange assets and trade in them.

The average employment in Q1 2008 was: in BRE Bank SA 4 957 persons and in the Group 6 559 persons (Q1 2007: BRE Bank 4 113, Group 5 183).

Corporates and Markets, including:

Corporates and Institutions

- BRE Bank Hipoteczny SA, subsidiary
- BRE Corporate Finance SA, subsidiary
- BRE Holding Sp. z o.o., subsidiary
- BRE Leasing Sp. z o.o., subsidiary
- Dom Inwestycyjny BRE Banku SA, subsidiary
- Intermarket Bank AG, subsidiary

- Magyar Factor zRt., subsidiary
- Polfactor SA, subsidiary
- Transfinance a.s., subsidiary

Trading and Investments

- BRE Finance France SA, subsidiary
- Garbary Sp. z o.o., subsidiary
- Tele-Tech Investment Sp. z o.o., subsidiary

Retail Banking (including private banking)

- BRE Wealth Management SA, subsidiary
- emFinanse Sp. z o.o. , subsidiary

Asset Management (discontinued operations Note 19)

- Powszechne Towarzystwo Emerytalne Skarbiec-Emerytura SA, subsidiary

Remaining business

- Centrum Rozliczeń i Informacji CERI Sp. z o.o., subsidiary
- BRE.locum SA, subsidiary

Other information concerning companies of the Group

The detailed description of other companies of the BRE Bank SA Group was presented in the Notes to the Consolidated Financial Statement for the year 2007, published on 28 February 2008.

BRE Holding Sp. z o.o.

On 22 November 2007 the District Court in Warsaw registered BRE Holding Sp. z o.o. ("BRE Holding") which was founded by BRE Bank. On the same day BRE Bank took over 100% of BRE Holding's shares, constituting 100% of the total number of votes at the General Meeting of shareholders of the company. The value of shares acquired amounted to PLN 100 thousand in the accounting ledgers of the Bank. The company was founded in connection with restructuring conducted within BRE Bank Group with the purpose of maintenance of effective cooperation with the companies of the corporate banking area.

Upon the restructuring, on 5 February 2008 the Bank concluded with BRE Holding an agreement on the transfer of shares and stocks of chosen Bank's subsidiaries in the total amount of PLN 170 983 thousand. In accordance with the agreement BRE Holding took over:

- 6 121 shares of BRE Leasing Sp. z o.o. (BRE Leasing) with a nominal value of PLN 500 each, which constitute 50.004% of the share capital of BRE Leasing as well as voting rights at the general meeting of shareholders of the company. The value of the transferred shares amounted to PLN 3 737 thousand in the accounting ledgers of the Bank. The Bank has had no shares of BRE Leasing since the transaction,

- 2 301 ordinary registered shares of Polfactor SA ("Polfactor") with a nominal value of PLN 2 500 each, which constitute 50.00% of the share capital and authorise to exercise 2 302 votes at the general meeting of Polfactor, which constitute 50.01% of general number of voting rights at the general meeting of Polfactor. The value of the transferred shares amounted to PLN 4 808 thousand in the accounting ledgers of the Bank. The Bank has had no shares of Polfactor since the transaction,

- 1 325 000 ordinary registered shares of BRE Bank Hipoteczny SA ("BBH") with a nominal value of PLN 100 each, which constitute 75.71% of the share capital of BBH as well as voting rights at general meeting of BBH. The value of the transferred shares amounted to PLN 162 437 thousand in the accounting ledgers of the Bank. After the transaction the Bank has had 425 000 shares of BBH, representing 24.29% of the share capital and voting rights at the general meeting of BBH.

Prior to the above indicated transactions BRE Holding had no shares or stocks of the above mentioned companies. The above indicated transactions did not effect the result or own equity of either the Bank or the Group.

On 27 February 2008 the District Court in Warsaw registered an increase of the share capital of BRE Holding through the issuance of new 1 900 shares to the amount of PLN 1 000 thousand. On the same day the Bank took over shares with a nominal value of PLN 0.5 thousand each, issued by BRE Holding. The takeover took place in exchange for contribution in kind in the form of shares of the above mentioned Bank subsidiaries. As a result of the increase of the share capital of BRE Holding, the Bank holds 2 000 participation units authorizing the exercise of 2 000 votes at the General Meeting of shareholders which constitute 100% of the share capital and total number of votes at the General Meeting of BRE Holding. The total value of all shares of BRE Holding amounts to PLN 171 083 thousand in the accounting ledgers of the Bank.

PTE Skarbiec-Emerytura SA

As at 31 March 2008 the shares of PTE Skarbiec-Emerytura SA met the criteria for classification to non-current assets held for sale, according to IFRS 5 "Non-current assets held for sale and discontinued operations". Therefore, the assets and liabilities of the Group, related to sale of PTE Skarbiec-Emerytura SA were presented in the balance sheet in separate positions: "the non-current assets held for sale" and "liabilities held for sale" respectively.

From the Group's point of view, the core business of PTE Skarbiec-Emerytura SA i.e. managing an open pension fund meets the criteria of discontinued operations. Consequently, according to IFRS 5, the result from discontinued operations was separated in the consolidated income statement.

The detailed data concerning discontinued operations were presented in the Note 19 of these financial statements.

2. Description of Relevant Accounting Policies

The most important accounting policies applied to the drafting of these Consolidated Financial Statements are presented below. These principles were applied consistently over all of the presented periods, unless indicated otherwise.

2.1 Accounting Basis

These Consolidated Financial Statements of the BRE Bank Group have been prepared for the 3 - month period ended 31 March 2008.

These Consolidated Financial Statements of the BRE Bank Group have been prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union, according to the historical cost method, as modified by the revaluation of available for sale financial assets, financial assets and financial liabilities measured at fair value through the profit or loss account, as well as all derivative contracts.

Since 1 January 2007 the BRE Bank Group has applied the provisions of International Financial Reporting Standard 7, Financial Instruments: Disclosures, which has been binding as from that date and the amended provisions of International Accounting Standard 1. All disclosures in accordance with IFRS 7 were presented in the consolidated financial statements for the year 2007.

The drafting of the financial statements in compliance with IFRS requires the application of specific accounting estimates. It also requires the Management to use its own judgment when applying the accounting policies adopted by the Group. The issues in relation to which a greater degree of judgment is required, more complex issues, or such issues which involve a significant degree of application of estimates or judgments for the purpose of the Consolidated Financial Statements are disclosed in Note 3.

2.2 Consolidation

Subsidiaries

Subsidiaries comprise any entities (including special purpose vehicles) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of a majority of the voting rights. When assessing whether the Group actually controls the given entity, the existence and impact of potential voting rights that are currently exercisable or convertible are considered. Subsidiary entities are subject to full consolidation from the date of acquisition of control over them by the Group. Their consolidation is discontinued from the date when control is not exercised any longer. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement (see Note 2.15).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combination involving entities under common control is stated under the purchase method in accordance with IFRS 3 "Business Combination".

Such an accounting treatment does not cover those companies whose scale of business operations is immaterial in relation to the volume of business of the Group, as well as companies acquired for the purpose of their resale or liquidation.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 2.15).

The share of the Group in the profits (losses) of associates since the date of acquisition is recognised in the Profit and Loss Account, whereas its share in changes in other reserves since the date of acquisition – in other reserves. The carrying amount of the investment is adjusted by the total changes of different items of equity after the date of their acquisition. When the share of the Group in the losses of an associate becomes equal to or greater than the share of the Group in that associate, possibly covering receivables other than secured claims, the Group discontinues the recognition of any further losses, unless it has assumed obligations or has settled payments on behalf of the respective associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the respective associate. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies applied by the associates have been adjusted, wherever necessary, to assure consistency with the accounting principles applied by the Group.

The Consolidated Financial Statements of the Bank cover the following companies:

IFRS Consolidated Financial Statements for the first quarter of 2008 PLN (000's)

Company	Share of voting rights (directly and indirectly)	Consolidation method
BRE Bank Hipoteczny SA	100%	full
BRE Corporate Finance SA	100%	full
BRE Holding Sp. z o.o.	100%	full
BRE Wealth Management SA	100%	full
Centrum Rozliczeń i Informacji CERI Sp. z o.o.	100%	full
Dom Inwestycyjny BRE Banku SA	100%	full
emFinanse Sp. z o.o.	100%	full
Garbary Sp. z o.o.	100%	full
PTE Skarbiec-Emerytura SA	100%	full
Tele-Tech Investment Sp. z o.o.	100%	full
BRE Finance France SA	99.98%	full
BRE.locum SA	79.99%	full
Transfinance a.s.	78.11%	full
Polfactor SA	78.12%	full
Magyar Factor zRt.	78.12%	full
Intermarket Bank AG	56.24%	full
BRE Leasing Sp. z o.o.	50.004%	full

In the first quarter of 2008 the Bank included in consolidation BRE Holding Sp. z o.o. Information about the company is presented in Note 1 of these financial statements.

2.3 Interest Income and Expenses

All interest proceeds linked with financial instruments carried at amortised cost using the effective interest rate method are recognised in the Profit and Loss Account.

The effective interest rate method is a method of calculation of the amortised initial value of financial assets or financial liabilities and allocation of interest income or interest expenses to the proper periods. The effective interest rate is the interest rate at which the discounted future payments or future cash inflows are equal to the net present carrying value of the respective financial asset or liability. When calculating the effective interest rate, the Group estimates the cash flows taking into account all the contractual conditions attached to the given financial instrument, but without taking into account the possible future losses on account of non-recovered loans. This calculation takes into account all the fees paid or received between the contracting parties, which constitute an integral component of the effective interest rate, as well as transaction expenses and any other premiums or discounts.

Following the recognition of an impairment loss on a financial asset or a group of similar financial assets, the subsequent interest income is measured according to the interest rate at which the future cash flows were discounted for the purpose of valuation of impairment.

Interest income includes interest and commissions received or due on account of loans, inter-bank deposits or investment securities recognised in the calculation of the effective interest rate.

Interest income, including interest on loans, is recognised in the Profit and Loss Account, and on the other side in the Balance Sheet as receivables from banks or from other customers.

Interest income on impaired loans is recognised in interest income with the application of interest rates used to discount the future cash flows for the purpose of measuring impairment losses.

The calculation of the effective interest rate takes account of the cash flows resulting from only those embedded derivatives which are strictly linked to the underlying contract.

2.4 Fee and Commission Income

Income on account of fees and commissions is basically recognised on the accrual basis, at the time of performance of the respective services. Fees charged for the opening of credit concerning loans which will most probably actually be used are deferred (together with the respective direct costs) and recognised as adjustments of the effective interest rate charge on the loan. Fees on account of syndicated loans are recognised as income at the time of closing of the process of organisation of the respective syndicate, if the Group has not retained any part of the credit risk on its own account or has retained a part with the same effective interest rate as other participants. Commissions and fees on account of negotiation or participation in the negotiation of a transaction on behalf of a third party, such as the acquisition of shares or other securities, or the acquisition or disposal of an enterprise, are recognised at the time of realisation of the respective transaction. Fees on account of portfolio management and fees for management, consulting and other services are recorded on the basis of the respective contracts for the provision of services, usually pro rata to time. Fees for the management of the assets of investment funds are recognised on a straight-line basis over the period of performance of the respective services. The same principle is applied in the case of management of client assets, financial planning and custody services, that are continuously provided over an extended period of time.

Commissions comprise payments collected by the Group on account of cash management operations, keeping of customer accounts, managing bank transfers and providing letters of credit. Moreover, commissions comprise revenues from brokerage business activities, as well as commissions received through pension funds.

2.5 Segment Reporting

A business segment consists of a group of assets and operations engaged in the delivery of products and services which are subject to risks and rewards from the capital expenditure incurred other than the remaining business segments. A geographic segment supplies products and services in a specific economic environment, which is exposed to risks and returns other than in the case of segments functioning in other economic environments.

2.6 Financial Assets

The Group classifies its financial assets to the following categories: financial assets valued at fair value through the Profit and Loss Account; loans and receivables; investments held to maturity; financial assets available for sale. The classification of investments is determined by the Management at the time of their initial recognition.

<u>Financial assets valued at fair value</u>

This category comprises two subcategories: financial assets held for trading and financial assets designated at fair value through Profit and Loss Account at inception. A financial asset is classified in this category if it was acquired principally for the purpose of short-term resale or if it was classified in this category by companies of the Group. Derivative instruments are also classified as "held for trading", unless they were designated for hedging.

Disposals of debt securities held for trading are accounted according to the weighted average method.

The Group classifies financial assets/financial liabilities as measured at fair value through profit and loss if they meet either of the following conditions:

a) financial assets/financial liabilities are classified as held for trading, i.e., they are acquired or incurred principally for the purpose of selling or repurchasing them in the near term, they are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit making or they are derivatives (except for derivatives that are designated as and being effective hedging instruments),
b) upon initial recognition, assets/liabilities are designated by the entity at fair value through the Profit and Loss Account.

If a contract contains one or more embedded derivatives, the Group designates the entire hybrid (combined) contract as a financial asset or financial liability at fair value through the Profit and Loss Account provided:

a) the embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or
b) it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortised cost.

The Group also designates the financial assets/liabilities at fair value through the Profit and Loss Account when doing so results in more relevant information, because either

a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or

b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

Financial assets and liabilities classified to this category, are valued at fair value upon initial recognition.

Interest income/expense on financial assets designated at fair value, except for derivatives the recognition of which is discussed in Note 2.12, is recognized in net interest income. The valuation and result on disposal of financial assets designated at fair value are recognized in net trading income.

The Group did not designate any financial assets/liabilities at fair value through the Profit and Loss Account.

Loans and Receivables

Loans and receivables consist of financial assets not classified as derivative instruments, with payments either determined or possible to determine, not listed on an active market. They arise when the Group supplies monetary assets, goods or services directly to the debtor, without any intention of trading the receivable.

Held to Maturity Investments

Investments held to maturity comprise financial assets, not classified as derivative instruments, where the payments are determined or possible to determine and with specified maturity dates, which the Management of the Group intends and is capable of holding until their maturity.

In the case of sale by the Group of a part of assets held to maturity which cannot be deemed insignificant the held to maturity portfolio is tainted, and therewith all the assets of this category are reclassified to the available for sale category.

In all reporting periods presented in these financial statements, the only assets held to maturity occur in PTE and they are recognised in the Balance Sheet, under the item "Non-current assets held for sale".

Available for Sale Investments

Available for sale investments consist of investments which the Group intends to hold for an undetermined period of time. They may be sold, e.g., in order to improve liquidity, in reaction to changes of interest rates, foreign exchange rates, or prices of equity instruments.

Interest income and expense from available for sale investments are presented in net interest income. Gains and losses from sale of available for sale investments are presented in gains and losses from investments securities.

Standardized purchases and sales of financial assets at fair value through the Profit and Loss Account, held to maturity and available for sale are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs, except for financial assets at fair value through the Profit and Loss Account. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Group has transferred substantially all risks and rewards of ownership.

Available for sale financial assets and financial assets measured at fair value through the Profit and Loss Account are valued at the Balance Sheet date according to their fair value. Loans and receivables, as well as investments held to maturity are measured at adjusted cost of acquisition (amortised cost), applying the effective interest rate method. Profits and losses resulting from changes in the fair value of "financial assets measured at fair value through the Profit and Loss Account" are recognised in the Profit and Loss Account in the period in which they arise. Gains and losses arising from changes in the fair value of available for sale financial assets are recognised directly in equity until the derecognition of the respective financial asset in the Balance Sheet or until its impairment: at such time the aggregate net gain or loss previously recognised in equity is now recognised in the Profit and Loss Account. However, interest calculated using the effective interest rate is recognised in the Profit and Loss Account. Dividends on available for sale equity instruments are recognised in the Profit and Loss Account when the entity's right to receive payment is established.

The fair value of quoted investments in active markets is based on current bid prices. If the market for a given financial asset is not an active one, the Group determines the fair value by applying valuation techniques. These comprise recently conducted transactions concluded according to normal market principles, reference to other instruments, discounted cash flow analysis, as well as valuation models for options and other valuation methods generally applied by market participants.

If the application of valuation techniques does not ensure obtaining a reliable fair value of investments in equity instruments not quoted on an active market they are stated at cost.

Investments in associates are recognized in the Balance Sheet at the purchase price reduced by impairment.

2.7 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.8 Impairment of Financial Assets

<u>Assets Carried at Amortised Cost</u>

At each Balance Sheet date, the Group estimates whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

a) significant financial difficulties of an issuer or obligor;
b) a breach of contract, such as default or delinquency in interest or principal payments;
c) concessions granted by the Group to a borrower caused by the economic or legal aspects of such borrower's financial difficulties, which would not have been taken into account under different circumstances;
d) probability of bankruptcy or other financial reorganisation of the debtor;
e) disappearance of the active market for the respective financial asset caused by financial difficulties; or
f) noticeable data indicating a measurable decrease of estimated future cash flows attached to a group of financial assets since the time of their initial recognition, even if such reduction cannot yet be assigned to particular items of the respective group of financial assets, including:

- adverse changes in the payment status of borrowers; or
- economic situation of the country or on the local market causing the impairment of assets belonging to the respective group.

The Group first assesses whether objective indications exist individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that for the given financial asset assessed individually there are no objective indications of its impairment (regardless of whether that particular item is material or not), the given asset is included in a group of financial assets featuring similar credit risk characteristics, which is subsequently collectively assessed in terms of its possible impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is impairment indicator for loans and receivables or investments held to maturity and recognised at amortised cost, the impairment amount is calculated as the difference between the carrying value in the Balance Sheet of the respective asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying value of the asset is reduced through the use of an allowance account, and the resulting impairment loss is charged to the Profit and Loss Account. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is possible.

For the purpose of collective evaluation of impairment, the credit exposures are grouped in order to ensure the uniformity of credit risk attached to the given portfolio. Many different parameters may be applied to the grouping into homogeneous portfolios, e.g., the type of counterparty, the type of exposure, estimated probability of default, the type of security provided, overdue status outstanding, maturities and their combinations. Such features influence the estimation of the future cash flows attached to specific groups of assets as they indicate the capabilities of repayment on the part of debtors of their total liabilities in conformity with the terms and conditions of the contracts concerning the assessed assets.

Future cash flows concerning groups of financial assets assessed collectively in terms of their possible impairment are estimated on the basis of contractual cash flows and historical loss experience for assets with credit risk characteristics similar to those in the Group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

For the purpose of calculation of the amount to be provisioned against balance sheet exposures analysed collectively, the probability of default (PD) method has been applied. By proper calibration of PD values, taking into account characteristics of specific products and emerging periods for losses on those products, such PD values allow already arisen losses to be identified and cover only the period in which the losses arising at the date of establishment of impairment should crystallise.

When a loan is uncollectible, it is written off against the related provision for impairment. Before any loan is written off, it is necessary to conduct all the required procedures and to determine the amount of the loss. Subsequent recoveries of amounts previously written off decrease (in accordance with IAS 39) the amount of the provision for loan impairment in the Profit and Loss Account.

If in a subsequent period the impairment loss amount is decreasing and the decrease can be related objectively to an event occurring after the impairment was recognised (e.g., improvement of the debtor's credit rating), then the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recorded in the Profit and Loss Account.

Assets Measured at Fair Value

At each Balance Sheet date the Bank estimates whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost resulting from higher credit risk is considered in determining whether the assets are impaired. If such kind of evidence concerning available for sale financial assets exists, the cumulative loss – determined as the difference between the cost of acquisition and the current fair value– is removed from equity and recognised in the Profit and Loss Account. The above indicated difference should be reduced by the impairment concerning given asset which was previously recognised in the Profit and Loss Account. Impairment losses concerning equity instruments recorded in the Profit and Loss Account are not reversed through the Profit and Loss Account, but through equity. If the fair value of a debt instrument classified as available for sale increases in a subsequent period, and such increase can be objectively related to an event occurring after the recording of the impairment loss in the Profit and Loss Account, then the respective impairment loss is reversed in the Profit and Loss Account.

Renegotiated agreements

The Group considers renegotiations on contractual terms of loans and advances as evidence of impairment unless the renegotiation was not due to the situation of the debtor but had been carried out on normal business terms. In such a case the Group makes an assessment whether the impairment should be recognised on either individual or group basis.

2.9 Financial Guarantee Contracts

In accordance with amendment to IAS 39, which came into force at 1 January 2006, the Group has an obligation to recognize financial guarantee contract in its financial statements.

The financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

When a financial guarantee contract is recognized initially, it is measured at the fair value. After initial recognition, an issuer of such a contract, measures it at the higher of:

1. the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and

2. the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 *Revenue.*

2.10 Cash and Cash Equivalents

Cash and cash equivalents comprise items with maturities of up to three months from the date of their acquisition, including: cash in hand and cash held at the Central Bank with unlimited availability for disposal, Treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks, and short-term government securities.

Bills of exchange eligible for rediscounting with the Central Bank comprise PLN bills of exchange with maturities of up to three months.

2.11 Sell-buy-back Contracts

Repo and reverse-repo transactions are defined as selling and purchasing securities for which a commitment has been made to repurchase or resell them at a contractual date and for a specified contractual price.

Securities sold with a repurchase clause (repos) are reclassified in the financial statements as pledged assets if the entity receiving them has the contractual or customary right to sell or pledge them as collateral security. The liability towards the counterparty is recognised as amounts due to other banks, deposits from other banks, other deposits or amounts due to customers, depending on its nature. Reverse repos (securities purchased together with a resale clause) are recognised as loans and advances to other banks or other customers, depending on their nature.

When concluding a repo or reverse repo transaction, the BRE Bank Group sells or buys securities with a repurchase or resale clause specifying a contractual date and price. Such transactions are presented in the Balance Sheet as financial assets held for trading or as investment financial assets, and also as liabilities in the case of "sell-buy-back" transactions and as receivables in the case of "buy-sell-back" transactions.

Securities borrowed by the Group are not recognized in the financial statements, unless these are sold to third parties, in which case the purchase and sale transactions are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as trading liability.

As a result of concluding "sell-buy-back" transactions, the Group transfers financial assets in such a way that they do not qualify for derecognition. Thus, the Group retains substantially all risks and rewards of ownership of the financial assets.

2.12 Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are recognised at fair value from the date of transaction. Fair value is determined based on prices of instruments listed on active markets, including recent market transactions and on the basis of valuation techniques, including models based on discounted cash flows and options pricing models, depending on which method is appropriate in the particular case. All derivative instruments with a positive fair value are recognised in the Balance Sheet as assets, those with a negative value as liabilities.

The best fair value indicator for a derivative instrument at the time of its initial recognition is the price of the transaction (i.e., fair value of paid or received payment), unless the fair value of the particular instrument may be determined by comparison with other current market transactions concerning the same instrument (not modified) or relying on valuation techniques based exclusively on market data that are available for observation. If such a price is known, the Group recognises the respective gains or losses from the first day.

Embedded derivative instruments are treated as separate derivative instruments if the risks attached to them and their characteristics are not strictly linked to the risks and characteristics of the underlying contract and the underlying contract is not measured at fair value through the Profit and Loss Account. Embedded derivative instruments of this kind are measured at fair value and the changes in fair value are recognised in the Profit and Loss Account.

In accordance with IAS 39 AG 30 (g), there is no need to separate the prepayment option from the host debt instrument for the needs of consolidated financial statements, because the option's exercise price is approximately equal on each exercise date to the amortised cost of the host debt instrument. If the value of prepayment option was not be closely linked to the underlying debt instrument, the option would be measured and recognised in the consolidated financial statements of the Group.

The method of recognising the resulting fair value gain or loss depends on whether the given derivative instrument is designated as a hedging instrument, and if it is, it also depends on the nature of the hedged item. The Group designates some derivative instruments either as (1) fair value hedges against a recognised asset or liability or against a binding contractual obligation (fair value hedge), or as (2) hedges against highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge). Derivative instruments designated as hedges against positions maintained by the Group are recorded by means of hedge accounting, subject to the fulfilment of the criteria specified in IAS 39:

a) At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instruments effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.
b) The hedge is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship.
c) For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.
d) The effectiveness of the hedge can be reliably measured, i.e., the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.
e) The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

The Group documents the objectives of risk management and the strategy of concluding hedging transactions, as well as at the time of concluding the respective transactions, the relationship between the hedging instrument and the hedged item. The Group also documents its own assessment of efficiency of fair value hedging and cash flow hedging transactions, measured both prospectively and retrospectively from the time of their designation and throughout the period of duration of the hedging relationship between the hedging instrument and the hedged item.

Income and expense from interest rate derivative financial instruments and their valuation are presented in net trading income.

Fair Value Hedges

Changes in the fair value of derivative instruments designated and qualifying as fair value hedges are recognised in the Profit and Loss Account together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

In case a hedge has ceased to fulfil the criteria of hedge accounting, the adjustment to the carrying value of the hedged item for which the effective interest method is used is amortised to the Profit and Loss Account over the period to maturity. The adjustment to the carrying amount of the hedged equity security remains in the revaluation reserve until the disposal of the equity security.

Cash Flow Hedges

The effective part of the fair value changes of derivative instruments designated and qualifying as cash flow hedges is recognised in equity. The gain or loss concerning the ineffective part is recognised in the Profit and Loss Account of the current period.

The amounts recognised in equity are transferred to the Profit and Loss Account and recognised as income or cost of the same period in which the hedged item will affect the Profit and Loss Account (e.g., at the time when the forecast sale that is hedged takes place).

In case the hedging instrument has expired or has been sold, or when the hedge has ceased to fulfil the criteria of hedge accounting, any aggregate gains or losses recognised at such time in equity remain in equity until the time of recognition in the Profit and Loss Account of the forecast transaction. When a forecast transaction is no longer expected to occur, the aggregate gains or losses recorded in equity are immediately transferred to the Profit and Loss Account.

Derivative Instruments Not Fulfilling the Criteria of Hedge Accounting

Changes of the fair value of derivative instruments that do not meet the criteria of hedge accounting are recognised in the Profit and Loss Account of the current period.
The Group holds the following derivative instruments in its portfolio:

Market risk instruments:

a) Futures contracts for bonds, index futures

b) Options for securities and for stock-market indices
c) Options for futures contracts
d) Forward transactions for securities
e) Commodity swaps

Interest rate risk instruments:

a) Forward Rate Agreement (FRA)
b) Interest Rate Swap (IRS), Overnight Index Swap (OIS)
c) Interest Rate Options

Foreign exchange risk instruments:

a) Currency forwards, fx swap, fx forward,
b) Cross Currency Interest Rate Swap (CIRS),
c) Currency options

2.13 Gains and Losses on Initial Recognition

The best evidence of fair value at initial recognition is the transaction price (i.e. the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The transaction for which the fair value is determined using valuation model (where inputs are both observable and non-observable data) and the transaction price differ, the initially recognition is at the transaction price. The Group assumes that the transaction price is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss', is not recognised immediately in Profit and Loss Account.

The timing of recognition of deferred day one profit and loss is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the deferred day one profit and loss. Subsequent changes in fair value are recognised immediately in the Profit and Loss Account without reversal of deferred day one profits and losses.

2.14 Borrowings

Borrowings (including deposits) are initially recognised at fair value reduced by the incurred transaction costs. After the initial recognition, borrowings are recorded at adjusted cost of acquisition (amortised cost). Any differences between the amount received (reduced by transaction costs) and the redemption value are recognised in the Profit and Loss Account over the period of duration of the respective agreements according to the effective interest rate method.

2.15 Intangible Assets

Intangible assets are recognised at their cost of acquisition adjusted by the costs of improvement (rearrangement, development, reconstruction, adaptation or modernisation) and accumulated amortisation. Accumulated amortisation is accrued by the straight line method taking into account the expected period of economic useful life of the respective intangible assets.

<u>Goodwill</u>

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisition of associates is recognised in "investment in associates". Goodwill is not amortised, but it is tested annually for impairment, and it is carried in the Balance Sheet at cost reduced by accumulated impairment losses.
Goodwill impairment losses should not be reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units is represented by the investments of the Group classified by basic reporting business segments.

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Computer software

Purchased computer software licences are capitalised in the amount of costs incurred for the purchase and adaptation for use of specific computer software. These costs are amortised on the basis of the expected useful life of the software (2-11 years). Expenses attached to the development or maintenance of computer software are expensed when incurred. Costs directly linked to the development of identifiable and unique proprietary computer programmes controlled by the Group, which are likely to generate economic benefits in excess of such costs expected to be gained over a period exceeding one year, are recognised as intangible assets.
Direct costs comprise personnel expenses attached to the development of software and the corresponding part of the respective general overhead costs.

Capitalised costs attached to the development of software are amortised over the period of their estimated useful life.

Computer software directly connected with the functioning of specific information technology hardware is recognised as "Tangible fixed assets".

Development costs

The Group identifies development costs as intangible asset as the asset will generate probable future economic benefits and fulfill the following requirements described in IAS 38: the Group has the intention and technical feasibility to complete and to use or sell the intangible asset, the availability of adequate technical, financial and other resources to complete and to use the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs' useful lives are finite and the amortization period does not exceed 3 years. Amortization rates are adjusted to the period of economic utilization. The Group shows separately additions from internal development and separately those acquired through business combinations.

Research and development expenditure comprises all expenditure that is directly attributable to research and development activities.

Intangible assets are tested in terms of possible impairment always after the occurrence of events or change of circumstances indicating that their carrying value in the Balance Sheet might not be possible to be recovered.

2.16 Tangible Fixed Assets

Tangible fixed assets are carried at historical cost reduced by depreciation. Historical cost takes into the account the expenses directly attached to the acquisition of the respective assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Any other expenses incurred on repairs and maintenance are expensed to the Profit and Loss Account in the reporting period in which they were incurred.

Fixed assets designated for liquidation or decommissioning are measured at net book value or at fair value less selling costs, depending on which value is lower: the difference arising on this account is recognised under "Other operating profit/loss".

Land is not depreciated. Depreciation of other fixed assets is accounted for according to the straight line method in order to spread their initial value or revaluated amount reduced by the residual value over the period of their useful life which is estimated as follows for the particular categories of fixed assets:

- Buildings and constructed structures	25-40 years,
- Technical plant vehicles	5-15 years,
- Transport vehicles	5 years,
- Information technology hardware	3.33-5 years,
- Investments in the third party (leased) fixed assets	10-40 years or the period of the lease contract,
- Offiice equipment, furniture	5-10 years.

Land and buildings consist mainly of branch outlets and offices.

Residual values and estimated useful life periods are verified at each Balance Sheet date and adjusted accordingly as the need arises.

Depreciable fixed assets are tested in terms of possible impairment always after the occurrence of events or change of circumstances indicating that their carrying value in the Balance Sheet might not be possible to be recovered. The value of a fixed asset carried in the Balance Sheet is reduced to the level of its recoverable value if the carrying value in the Balance Sheet exceeds the estimate recoverable amount. The recoverable value is the higher of two amounts: the fair value of the fixed asset reduced by its selling costs and the value in use.

If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the cash-generating unit to which the asset belongs.

Gains and losses on account of the disposal of fixed assets are determined by comparing the proceeds from their sale against their carrying value in the Balance Sheet and they are recognised in the Profit and Loss Account.

2.17 Non Current Assets Held for Sale and Discontinued Operation

The Group classifies non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.
For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal groups) and it sale must be highly probable, i.e., the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are priced at the lower of: carrying value and fair value less costs to sell. Assets classified in this category are not depreciated.

When criteria for classification to non-current assets held for sale are not met, the Group ceases to classify the assets as held for sale and reclassifies them into appropriate category of assets. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

- its carrying amount at a date before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

Discontinued operations are a component of the Group that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operation or is a subsidiary acquired exclusively with a view to resale. The classification to this category takes places at the moment of sale or when the operation meets criteria of the operation classified as held for sale, if this moment took place previously.
Disposal group which is to be taken out of the usage may also be classified as discontinued operation.

2.18 Deferred Income Tax

The Group forms a provision for the temporary difference on account of deferred corporate income tax arising due to the discrepancy between the timing of recognition of income as earned and of costs as incurred according to accounting regulations and according to legal regulations concerning corporate income taxation. A positive net difference is recognised in liabilities as "Provisions for deferred income tax". A negative net difference is recognised under "Deferred income tax assets". Any change in the balance of the deferred tax liability in relation to the previous accounting period is recorded under the item "Income tax". The balance sheet method is applied for the calculation of the deferred corporate income tax.

Liabilities or assets for deferred corporate income tax are recognised in their full amount according to the balance sheet method in connection with the existence of temporary differences between the tax value of assets and liabilities and their carrying value on the face of the Balance Sheet. Such liabilities or assets are determined by application of the tax rates in force by virtue of law or of actual obligations at the Balance Sheet date. According to expectations such tax rates applied will be in force at the time of realisation of the assets or settlement of the liabilities for deferred corporate income tax.

The main temporary differences arise on account of impairment loss write-offs recognised in relation to the loss of value of credits and granted guarantees of repayment of loans, amortisation of intangible assets, revaluation of certain financial assets and liabilities, including contracts concerning derivative instruments and forward transactions, provisions for retirement benefits and other benefits following the period of employment, and also deductible tax losses.

Deferred income tax assets are recognised at their realisable value. If the forecast amount of income determined for tax purposes does not allow the realisation of the asset for deferred income tax in full or in part, such an asset is recognised to the respective amount, accordingly. The above described principle also applies to tax losses recorded as part of the deferred tax asset.

The Group presents the deferred tax assets and provisions netted in the Balance Sheet, separately for each subsidiary that is subject to consolidation. Such assets and provisions may be netted against each other if the Group possesses the legal rights allowing it to simultaneously account for them when calculating the amount of the tax liability.

In the case of the Bank, the deferred tax assets and deferred tax provisions are netted against each other for each country separately where the Bank conducts its business and is obliged to calculate corporate income tax.

The Group discloses separately the amount of negative temporary differences (mainly on account of unused tax losses or unutilised tax allowances) in connection with which the deferred tax asset was not recognised in the Balance Sheet, and also the amount of temporary differences attached to investments in subsidiaries and associates for which no deferred tax provision has been formed.

Deferred income tax is provided by the Group on temporary differences on account of liabilities or assets arising from investments in subsidiaries and associates, except when, on the basis of pieces of evidence held, realisation of temporary differences is controlled by the Group and it is possible that the differences will not reverse in the foreseeable future.

Deferred income tax on account of revaluation of available for sale investments and of revaluation of cash flow hedging transactions is accounted for in the same way as any revaluation, directly in equity, and it is subsequently transferred to the Profit and Loss Account when the respective investment or hedged item affects the Profit and Loss Account.

2.19 Assets Repossessed for Debt

Assets repossessed for debt at their initial recognition are measured at their fair values. In the case when the fair value of acquired assets is higher than the debt amount, the difference constitutes a liability toward the debtor.

At subsequent measurement the initial amount is tested for impairment.

2.20 Prepayments, Accruals and Deferred Income

Prepayments are recorded if the respective expenses concern the months succeeding the month in which they were incurred. Prepayments are presented in the Balance Sheet under "Other assets".

Accruals include costs of supplies delivered to the Group but not yet resulting in its payable liabilities. Deferred income includes received amounts of future benefits. Accruals and deferred income are presented in the Balance Sheet under "Other liabilities".

2.21 Leasing

BRE Bank SA Group as a Lessor

In the case of assets in use on the basis of a finance lease agreement, the current value of lease payments is recognised under receivables. The difference between the gross receivable amount and the present value of the receivables is recognised as unrealised financial income. Income on account of leasing is recorded over the period of the lease according to the net investment method (before tax), which reflects the fixed periodical rate of return on the lease.

BRE Bank SA Group as a Lessee

The leases entered into by the Group are primarily operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

In case of lease contracts, under which the Group holds leased assets, subject of such lease agreement is recognised as a non-current asset and a liability is recognised in the amount equal to present value of minimum lease payments as of the date of commencement of the lease. Lease payments are divided into financial costs, recognised in the Profit and Loss Account, and reduction of the balance of the liability. Fixed assets which are the basis of the finance lease contract are depreciated in the manner defined in the Group's non-current assets.

2.22 Provisions

The value of provisions for contingent liabilities such as unutilised guarantees and (import) letters of credit, as well as for unutilised irreversible unconditionally granted credit limits, is measured in compliance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

According to IAS 37 provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.23 Retirement Benefits and Other Employee Benefits

Retirement Benefits

The Group forms provisions against future liabilities on account of retirement benefits determined on the basis of an estimation of liabilities of that type, using an actuarial model. All provisions formed are charged to the Profit and Loss Account.

Benefits Based on Shares

The Group runs a program of employee remuneration based on and settled in shares. These benefits are accounted for in compliance with IFRS 2 *Share-based Payment*. The fair value of the work performed by employees in return for options granted increases the costs of the respective period, corresponding to equity. The total amount which needs to be expensed over the period when the outstanding rights of the employees for their options to become exercisable are vested is determined on the basis of the fair value of the granted options. There are no market conditions that shall be taken into account when estimating the fair value of share options at the measurement date. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each Balance Sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. In accordance with IFRS 2 it is not necessary to recognize the change in fair value of the share-based payment over the term of the program.

2.24 Equity

Equity consists of capital and funds created in compliance with the respective provisions of the law, i.e., the appropriate legislative acts, the By-laws or the Company Articles of Association.

Registered share capital

Share capital is presented at its nominal value, in accordance with the Company Articles of Association and with the entry in the business register.

a) Share Issue Costs

Costs directly connected with the issue of new shares, the issue of options, or the acquisition of a business entity, reduce the proceeds from the issue recognised in equity.

b) Dividends

Dividends for the given year, which have been approved by the Extraordinary General Meeting but not distributed at the Balance Sheet date, are shown under the liabilities on account of dividends payable under the item of "Other liabilities".

c) Own Shares

In the case of acquisition of stocks or shares in the Company by the Company the amount paid reduces the value of equity as Treasury shares until the time when they are cancelled. In the case of sale or reallocation of such shares, the payment received in return is recognised in equity.

Share premium

Share premium is formed from the share premium obtained from the issue of shares reduced by the attached direct costs incurred with that issue.

Revaluation reserve

Revaluation reserve is formed as a result of:

- valuation of available for sale financial instruments,
- valuation of cash flow hedge financial assets,
- currency translation differences resulting from valuation of structural items.

Retained earnings

Retained earnings include:

- other supplementary capital,
- other reserve capital,
- general banking risk fund,
- undistributed profit for the previous year,
- net profit (loss) for the current year.

Other supplementary capital, other reserve capital and general banking risk fund are formed from allocations of profit and are assigned to purposes specified in the By-laws or other regulations.

Hyperinflationary restatements of the equity

According to IAS 29 *Financial Reporting in Hyperinflationary Economies* paragraph 25, the components of equity (except retained earnings and any revaluation surplus) are restated by applying a general price index from the dates the components were contributed or otherwise arose for a period when the economy of the carrying business entity was recognised as according to IAS 29, a hyperinflationary economy.

The effect of restating the components of share capital by applying a general price index is recognised with a corresponding impact on retained earnings. The adoption of IAS 29 paragraph 25 results in an increase of the share capital and at the same time it reduces retained earnings by the same amount.

The Management Board has carried out an analysis to estimate the value of such adjustment, which would result in a growth of the share capital and growth of the share premium as well as in a corresponding decrease in the retained earnings by PLN 107,219 thousand.

Because the effect of the restatement:

- represents 3.04% of own equity of the Group (the effect of the restatement would constitute 7.06% of the item "Share capital");
- consists of reallocation of funds between various items of the own equity, which has no effect on the equity as a whole;
- has no material effect on the presented financial data, both as a whole and on line items;

the Management Board of the Bank believes that such restatement will have no material effect on the accuracy and fairness of the presentation of the Bank's financial position as at, and for the period ended 31 March 2008.

Hyperinflationary adjustments would also have no material effect for the period ended 31 March 2007 (the effect of the restatement would constitute 3.90% of the owners' equity of the Group and 7.15% of the item "Share capital").

2.25 Valuation of Items Denominated in Foreign Currencies

Functional Currency and Presentation Currency

The items contained in financial reports of particular entities of the Group, including foreign branches of the Bank, are valued in the currency of the basic economic environment in which the given entity conducts its business activities ("functional currency"). The Consolidated Financial Statements are presented in Polish zloty, which is the functional currency of the Bank.

Transactions and Balances

Transactions denominated in foreign currencies are converted to the functional currency at the exchange rate in force at the transaction date. Foreign exchange gains and losses on such transactions as well as Balance Sheet revaluation of monetary assets and liabilities denominated in foreign currency are recognised in the Profit and Loss Account.

Foreign exchange differences arising on account of such non-monetary items, as financial assets measured at fair value through the Profit and Loss Account are recognised under gains or losses arising in connection with changes of fair value. Foreign exchange differences on account of such non-monetary assets as equity instruments classified as available for sale financial assets are recognised under equity arising on revaluation.

Changes in fair value of monetary items available for sale cover foreign exchange differences arising from valuation at amortised cost, which are recognised in the Profit and Loss Account, and foreign exchange differences relating to other changes in carrying amount, which are recognised under revaluation reserve.

Balance sheet items of foreign branches as well as foreign companies of the Group are converted from functional currency to presentation currency with application of the medium exchange rate on the balance sheet date. Profit and Loss Account items of these entities are converted to presentation currency with the application of the arithmetic mean of medium exchange rates quoted by the National Bank of Poland on the last day of each of the months of the reporting period. Foreign exchange differences so arisen are recognized under revaluation reserve.

Companies Belonging to the Group

The performance and the financial position of all the entities belonging to the Group, none of which conduct their operations under hyperinflationary conditions, the functional currencies of which do not differ from the presentation currency, are converted to the presentation currency as follows:

a) assets and liabilities in each presented Balance Sheet are converted at the mid rate of exchange of the National Bank of Poland (NBP) in force at the Balance Sheet date;

b) revenues and expenses in each Profit and Loss Account are converted at the rate equal to the arithmetic mean of the mid rates quoted by NBP on the last day of each of the three months of each presented periods; whereas

c) all resulting foreign exchange differences are recognised as a distinct item of equity.

Upon consolidation, foreign exchange differences arising from the conversion of net investments in companies operating abroad, as well as loans, advances and other FX instruments designated as hedges attached to such investments are recognised in equity. Upon the disposal of a company operating abroad, such foreign exchange differences are recognised in the Profit and Loss Account as part of the profit or loss arising upon disposal.

Goodwill and adjustment to the fair value which arise upon the acquisition of entities operating abroad, are treated as assets or liabilities of the foreign subsidiaries and converted at the closing exchange rate.

Leasing Business

Negative or positive foreign exchange differences (gains/losses) from the valuation of liabilities on account of credit financing of purchases of assets under operating leasing schemes are recognised in the Profit and Loss Account. In the operating leasing agreements recognised in the Balance Sheet of a Subsidiary Company (BRE Leasing Sp. z o.o.), the fixed assets subject to the respective contracts are recognised at the starting date of the appropriate contract as converted to PLN, whereas the foreign currency loans with which they were financed are subject to valuation according to the respective foreign exchange rates.

Additionally, in the case of operating lease agreements, all future receivables on account of leasing payments (including receivables in foreign currencies) are not presented on the face of the financial reports. In the case of finance lease agreements the foreign exchange differences arising from the valuation of leasing payments due as well as of liabilities denominated in foreign currency are recognised through the Profit and Loss Account at the Balance Sheet date.

2.26 Trust and Fiduciary Activities

BRE Bank SA operates trust and fiduciary activities including domestic and foreign securities and services provided to investment and pension funds.

Dom Inwestycyjny BRE Banku SA operates trust and fiduciary activities in connection with the handling of securities accounts of the clients.

The assets concerned are not shown in these financial statements as they do not belong to the Group.

Other companies belonging to the Group do not conduct any trust or fiduciary activities.

2.27 New Standards, Interpretations and Amendments to Published Standards

Changes in the published Standards and Interpretations that have come into force since 1 January 2008:

- IFRIC 11, IFRS 2: Group and Treasury Share Transactions, binding for the annual periods starting after 1 March 2007

Published Standards and Interpretations which have been issued but are not yet binding or have not been adopted earlier:

- IFRIC 12, Service Concession Agreements, binding for annual periods starting after 1 January 2008
- IFRIC 13, Customer Loyalty Programmes, binding for annual periods starting after 1 July 2008
- IFRIC 14 – IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, binding for annual periods starting after 1 January 2008

- IFRS 8, Operating Segments, binding for annual periods starting after 1 January 2009
- IAS 23 (Revised), Borrowing Costs, binding for annual periods starting on or after 1 January 2009
- IFRS 2 (Revised), Share-based payment, binding for annual periods starting on or after 1 January 2009
- IFRS 3 (Revised), Business Combinations, binding prospectively to business combinations for which the acquisition date is on or after 1 July 2009
- IAS 27 (Revised), Consolidated and Separate Financial Statements, binding for annual periods starting on or after 1 July 2009
- IAS 32 (Revised), Financial Instruments: Presentation and IAS 1 (Revised), Presentation of Financial Statements-Puttable Financial Instruments and Obligation arising on Liquidation, binding for annual periods starting on or after 1 July 2009

The Group believes that the application of these standards and interpretations will not have a significant effect on the financial statements in the period of their first application.

2.28 Comparative Data

Data prepared as at 31 March 2007 are totally comparable with data intoduced in the current financial period so they were not adjusted.

3. Major Estimates and Judgments Made in Connection with the Application of Accounting Policy Principles

The Group applies estimates and adopts assumptions which impact the values of assets and liabilities presented in the subsequent period. Estimates and assumptions, which are continuously subject to assessment, rely on historical experience and other factors, including expectations concerning future events, which seem justified under the given circumstances.

Impairment of loans and advances

The Group reviews its loan portfolio in terms of possible impairments at least once per quarter. In order to determine whether any impairment loss should be recognised in the Profit and Loss Account, the Group assesses whether any evidence exists that would indicate some measurable reduction of estimated future cash flows attached to the loan portfolio, before such a decrease will be able to be attributed to a specific loan. The estimates may take into account any observable indications pointing at the occurrence of an unfavourable change in the solvency position of debtors belonging to any particular group or in the economic situation of a given country or part of a country, which is associated with the problems appearing in that group of assets. The Management plans future cash flows based on estimates drawing on historical experience of losses incurred on assets featuring the traits of credit risk exposure and objective impairment symptoms similar to those which characterise the portfolio. The methodology and the assumptions on the basis of which the estimated cash flow amounts and their anticipated timing are determined will be regularly reviewed in order to reduce the discrepancies between the estimated and the actual magnitude of the impairment losses concerned.

Fair value of derivative instruments

The fair value of financial instruments not listed on active markets is determined by applying valuation techniques. All the models are approved prior to being applied and they are also calibrated in order to assure that the obtained results indeed reflect the actual data and comparable market prices. As far as possible, the models applied resort exclusively to observable data originating from an active market.

Impairment of equity securities available for sale

Impairment is regarded to occur if over a period of at least three months the listed price of the given security continues to be lower than the cost of its acquisition or the issuer incurs loss not covered by its equity within the period of one year and in the case of the occurrence of other facts and circumstances providing indications of the impairment of value. In addition, objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates which indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

Impairment of debt instruments available for sale

Impairment and increase in value of debt securities available for sale is determined at the date of valuation, i.e. the Balance Sheet date, separately for each category of debt security. Impairment is recognised if over a period of at least three months the listed price of the given security persists at a level lower than its cost of acquisition as a result of higher credit risk, if the issuer incurs a loss not covered by his equity capital over a period of one year or in the event of other circumstances indicating impairment. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the Profit and Loss Account.

Deferred tax

The Group analysed the requirements of IAS 12 "Income Taxes" and based on paragraph 44 did not recognize deferred tax asset in relation to provision for impairment of shares of PTE in the consolidated financial statements. If the deferred tax had been recognized, the Group would have created an asset in the amount of PLN 81,1 million.

4. Business Segments

The classification by business segments is based on client groups and products defined by homogenous transaction characteristics. The classification is consistent with sales management and the philosophy of delivering complex products to the Bank's clients, including both standard banking products and more sophisticated investment products. The method of the presentation of financial results coupled with the business management model ensures constant focus on creating added value in relations with the Bank's and Group companies' clients and should be seen as a primary division which serves best both managing and perceiving business within the Group.

The business activities of the Group are conducted in the following business segments:

1. Retail Banking, including private banking services, current accounts for retail customers, savings accounts, deposits, investment products, custody services, credit and debit cards, consumer and mortgage loans, term deposits for retail customers, small and medium-sized enterprises, financial settlements, operations on bills of exchange, checks and guarantees issue.

Since the beginning of the fourth quarter of 2007, the results of Retail Banking include the results of new foreign branches of mBank: mBank Czech Republic and mBank Slovakia. Within the year 2007 the branches provided basic products such as current and savings accounts as well as cash loans and mortgage loans. The aim is to operate a full scope of services typical of retail banking.

Since the beginning of 2007, Retail Banking has also included the results of BRE Wealth Management SA and emFinanse Sp. z o.o. BRE Wealth Management SA provides corporate finance advisory and complex asset management services for wealthy private banking clients. emFinanse Sp z o.o. operates on the market of financial advisors and agents, and sells bank products (cash loans, car loans, mortgage loans) and insurance products.

2. Corporates and Markets - consists of two sub-segments:

2.1 Corporates and Institutions, including current accounts, savings accounts and term deposits, FX products and derivative instruments, trust and fiduciary activities, sell buy back and buy sell back transactions, offering of investment products, credit cards and debit cards, business loans, as well as financial and operating leasing of vehicles, machines, office equipment, real estates, as well as administration support in leasing of the above indicated fixed assets. Within that sub-segment, the Bank finances large projects with loans single-handedly and in syndicates with other banks.

The Bank's product offer within this business sub-segment, is targeted at large, medium-sized and small companies, as well as local governments. A significant part of the activities within the Corporates and Institiutions segment consists of services supporting foreign trade transactions. The Bank's offer addressed to businesses includes currency exchange, international transfers, checks, collection of payments, short-term loans, as well as a whole range of financial tools, such as purchasing of claims to receivables, forfaiting, letters of credit, bank guarantees, and others. Moreover, clients are offered financial instruments designed to hedge against foreign exchange risk exposure. The Bank also offers financial instruments used in interest rate risk management, including forward rate agreements (FRA), interest rate swaps (IRS), interest rate options, as well as cross-currency interest rate swaps (CIRS).

Within the Corporates and Institutions sub-segment the Bank cooperates with domestic and foreign financial institutions (except transactions via nostro and loro accounts) in acquiring loans on the international inter-bank market. The Bank also administers overdrafts for import financing and refinancing investment loans for medium-sized and small companies, mainly from the European Investment Bank.

The Corporates and Institutions sub-segment includes the results of the following subsidiaries: BRE Bank Hipoteczny SA, BRE Leasing Sp. z o.o., Dom Inwestycyjny BRE Banku SA, BRE Corporate Finance SA, Intermarket Bank AG, Polfactor SA, Transfinance a.s. and Magyar Factor zRt. The subsidiaries enrich the Bank's offer with commercial and municipal real estate financing, leasing, factoring, publicly traded stocks and securities, purchase and sales of securities on the account of client, merger and acquisition advisory, corporate restructuring consulting and privatization projects. The sub-segment has also comprised the results of BRE Holding Sp. z o.o. since the first quarter of 2008.

2.2 Trading and Investments, including financial instruments dealing, purchase and sale of stocks and securities on primary and secondary markets, i.e., transactions in bills, bonds, Treasury Bills, Treasury Bonds, monetary bills of the National Bank of Poland, placements and deposits and FX swaps. The Bank also participates in the securities market, focusing on trading in securities on the primary and secondary markets, as well as repo and reverse repo transactions. Moreover the Bank is engaged in sell buy back and buy sell back transactions on the inter-bank market. The Bank also participates in money market inter-bank transactions.

Within Trading and Investments sub-segment, the Bank underwrites issues of securities (bonds, investment bills and certificates of deposit) single-handedly and in syndicates with other banks.

The Bank also benefits from capital gains on its own investments portfolio, including direct and indirect stakes acquired with the objective of high long-term yields. Apart from the specialized organizational unit of the Bank managing the long-term investment portfolio, the segment also comprises the activities of Tele-Tech Investment Sp. z o.o., whose core business is to invest in securities, to trade in debt, to manage controlled companies and to provide advisory services. Proprietary investment also includes the results of Garbary Sp. z o.o. and BRE Finance France SA.

3. Asset Management (discontinued operations) includes the activity of PTE Skarbiec-Emerytura SA (PTE). In view of the intention to sell the shares of PTE, asset management activities are considered by the Group as discontinued operations.

4. The remaining business of the Group includes the results on transactions not classified as business areas and the results of the companies BRE.locum SA and CERI Sp. z o.o.

The principles of segment classification of the Group's activities are described below.

Transactions between the business segments are conducted on regular commercial terms.

Funds are allocated to particular business segments, which results in funding cost transfers. Interest charged for these funds is based on the Group's weighted average cost of capital and presented in operating income.

Internal funds transfers between Bank's departments are calculated on transfer rates based on market rates. Transfer rates are determined on the same basis for all operating units of the Bank and their differentiation results only from currency and term structure of assets and liabilities. Internal settlements concerning internal valuation of funds transfer have been reflected in the performance of each business.

Assets and liabilities of a business segment comprise operating assets and liabilities, which account for most of the Balance Sheet, whereas they do not include such items as taxes or loans.

The separation of the assets and liabilities of a segment, as well as of its income and costs, was done on the basis of internal information prepared at the Bank for the purposes of management accounting. Assets and liabilities for which the units of the given segment are responsible as well as income and costs related to such assets and liabilities are attributed to individual business segments. The financial result (profit/loss) of a business segment takes into account all the income and cost items attributable to it.

The business operations of particular companies of the Group are attributed in full to a relevant business segment (including consolidation adjustments).

The primary and unique basis used by the Group in the segment reporting is business line division. The Group does not distinguish geographic segments as reportable segments due to their immateriality.

Business segment reporting on the activities of the BRE Bank Group for the period from 01.01.2008 to 31.03.2008 (PLN'000)

	Corporates & Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation)	Remaining Business	Eliminations	Group
	Corporates & Institutions	Trading & Investments					
Net interest income	**160 764**	**21 468**	**139 709**	**(3 400)**	**(2 128)**	**-**	**316 413**
- sales to external clients	183 951	42 133	90 673	1 067	(1 411)	-	316 413
- sales to other segments	(23 187)	(20 665)	49 036	(4 467)	(717)	-	-
Net fee and commission income	**97 265**	**(6 221)**	**53 526**	**6 704**	**(62)**	**5 933**	**157 145**
- sales to external clients	91 970	(1 828)	54 428	6 704	(62)	5 933	157 145
- sales to other segments	5 295	(4 393)	(902)	-	-	-	-
Unallocated costs							-
Gross profit / (loss) of the segment	**147 166**	**173 870**	**76 047**	**465**	**30 571**	**(541)**	**427 578**
Profit on operating acitivities							427 578
Contribution of profit sharing in associated companies (before tax)	-	-	-	-	-	-	-
Gross profit (before tax)							427 578
Corporate income tax							(63 334)
Net profit attributable to minority interest							13 418
Net profit (after tax)							350 826
Asset of the segment	**24 185 754**	**22 347 658**	**17 024 782**	**505 380**	**(31 728)**	**(3 413 071)**	**60 618 775**
Total assets							60 618 775
Segment's liabilities	**31 302 412**	**11 363 866**	**15 970 485**	**11 452**	**971 889**	**(2 659 867)**	**56 960 237**
Total liabilities							56 960 237
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(35 303)	(1 895)	(21 282)	(145)	(5 526)	-	(64 151)
Amortisation/depreciation	(24 646)	(2 308)	(17 000)	(260)	(805)	(520)	(45 539)
Losses on credits and loans	(60 380)	(801)	(11 205)	-	(16)	-	(72 402)
Other costs/ income without cash outflows/ inflows*	-	(17 748)	-	(1)	-	-	(17 749)
- other non-cash costs	-	*(569 756)*	-	*(1)*	-	-	*(569 757)*
- other non-cash income	-	*552 008*	-	-	-	-	*552 008*

* Other costs/income without cash outflows/inflows include income and expenses arising from valuation of both trading financial instruments and foreign exchange result.

Business segment reporting on the activities of the BRE Bank Group
for the period from 01.01.2007 to 31.03.2007
(PLN'000)

	Corporates & Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation)	Remaining Business	Eliminations	Group
	Corporates & Institutions	Trading & Investments					
Net interest income	**117 874**	**21 118**	**92 159**	**(2 912)**	**63**	**-**	**228 302**
- sales to external clients	132 635	36 579	57 961	766	361	-	228 302
- sales to other segments	(14 761)	(15 461)	34 198	(3 678)	(298)	-	-
Net fee and commission income	**99 320**	**(4 887)**	**48 790**	**5 740**	**111**	**(233)**	**148 841**
- sales to external clients	95 039	(1 060)	49 244	5 740	111	(233)	148 841
- sales to other segments	4 281	(3 827)	(454)	-	-	-	-
Unallocated costs							
Gross profit / (loss) of the segment	**95 312**	**42 310**	**69 263**	**86 336**	**16 561**	**(13 916)**	**295 866**
Profit on operating acitivities							295 866
Contribution of profit / (loss) sharing in associated companies (before tax)	-	-	-	-	-	-	-
Gross profit (before tax)							295 866
Corporate income tax							(66 844)
Net profit attributable to minority interest							6 284
Net profit (after tax)							222 738
Asset of the segment	**18 868 438**	**18 718 556**	**10 499 707**	**465 880**	**746 346**	**(3 766 197)**	**45 532 730**
Total assets							45 532 730
Segment's liabilities	**24 660 350**	**10 181 538**	**10 429 942**	**10 931**	**623 977**	**(3 218 079)**	**42 688 659**
Total liabilities							42 688 659
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(28 908)	(1 108)	(9 251)	(739)	(1 042)	-	(41 048)
Amortisation/depreciation	(23 340)	(2 025)	(16 044)	(251)	(839)	(520)	(43 019)
Losses on credits and loans	(58 985)	(1 924)	(8 013)	-	(917)	-	(69 839)
Other costs/ income without cash outflows/ inflows*	-	4 183	(2)	-	-	-	4 181
- other non-cash costs	-	*(99 071)*	*(2)*	-	-	-	*(99 073)*
- other non-cash income	-	*103 254*	-	-	-	-	*103 254*

* Other costs/income without cash outflows/inflows include income and expenses arising from valuation of both trading financial instruments and foreign exchange result.

IFRS Financial Statements for the first quarter of 2008 PLN (000's)

5. Net Interest Income

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Interest income		
Loans and advances including the unwind of the impairment provision discount	565 445	348 353
Cash and short-term investments	69 211	56 136
Investment securities	66 547	51 580
Trading debt securities	57 370	33 090
Other	8 271	9 303
	766 844	**498 462**
Interest expense		
Arising from amounts due to banks and customers	(387 961)	(217 161)
Arising from issue of debt securities	(44 650)	(41 399)
Other borrowed funds	(18 069)	(11 289)
Other	(818)	(1 077)
	(451 498)	**(270 926)**

Interest income related to financial assets which have been impaired amounted to PLN 4 643 thousand (PLN 2 523 thousand as at 31 March of 2007).

6. Net Fee and Commission Income

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Fee and commission income		
Credit related fees and commissions	63 153	39 844
Commissions from payment cards	42 802	32 008
Fees from brokerage activity	29 654	28 730
Commissions from money transfers	18 117	18 032
Commissions from bank accounts	15 014	10 364
Commissions due to guarantees granted and trade finance commissions	9 489	9 024
Commissions on trust and fiduciary activities	2 847	2 747
Fees from portfolio-management services and other management related fees	2 153	1 243
Other	27 768	39 729
	210 997	**181 721**
Fee and commission expense		
Payment cards related fees	(29 229)	(19 943)
Discharged brokerage fees	(7 347)	(6 865)
Other discharged fees	(23 980)	(12 056)
	(60 556)	**(38 864)**

7. Dividend Income

As at 31 March 2008 and 31 March 2007 dividend income which was received by the Group referred to companies consolidated and it was eliminated on consolidation.

8. Net Trading Income

(000's)

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Foreign exchange result	**129 340**	**99 393**
Net foreign exchange differences from the translation	133 808	191 799
Net transaction gains and losses	(4 468)	(92 406)
Other net trading income	**5 767**	**13 981**
Interest-bearing instruments	4 082	6 790
Equities	(496)	4 449
Market risk instruments	2 181	2 742
Total net trading income	**135 107**	**113 374**

The "Foreign exchange result" includes profits and losses on spot transactions and forward contracts, options, futures and translated assets and liabilities denominated in foreign currencies. The "Interest-bearing instruments" include the profit/(loss) on money market instrument trading, swap contracts for interest rates and currencies (IRS), options and other derivative instruments. The "Equities" include the profit/(loss) on the global trade with equity securities and derivative equity instruments, such as swap contracts, options, futures and forward contracts.

9. Gains less Losses from Investment Securities

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Sale/redemption by the issuer of the financial assets available for sale	137 487	7 055
Total gains and losses from investment securities	**137 487**	**7 055**

The biggest impact on the value of sale/redemption of financial assets available for sale came with the result on the sale of shares of Vectra SA. The transaction is described under point 4 of Selected Explanatory Information.

10. Other Operating Income

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Income from sale of tangible and intangible fixed assets and assets held for resale	108 010	23 005
Income from recovering previously designated as uncollectible receivables	4 230	1 299
Income from compensation, penalties and fines received	26	14
Income due to release of other provisions	598	895
Income from services provided*	12 713	11 921
Other	3 101	4 032
Total other operating income	**128 678**	**41 166**

* concern non-banking services

11. Impairment Losses on Loans and Advances

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Amounts due from other banks	(790)	(63)
Loans and advances to customers	(19 922)	(4 738)
Off-balance sheet contingent liabilities due to customers	(1 530)	(2 143)
Total impairment losses on loans and advances	**(22 242)**	**(6 944)**

12. Overhead Costs

IFRS Financial Statements for the first quarter of 2008 (000's) PLN

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Staff-related expenses (Note 12A)	(168 666)	(137 306)
Material costs	(120 339)	(100 914)
Taxes and fees	(5 608)	(2 953)
Contributions and transfers to the Banking Guarantee Fund	(1 949)	(1 560)
Contribution to the Social Benefits Fund	(1 422)	(938)
Other	(1 302)	(1 668)
Total overhead costs	**(299 286)**	**(245 339)**

Staff-related Expenses (12A)

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Wages and salaries	(138 495)	(117 900)
Social security expenses	(22 739)	(14 552)
Pension fund expenses	(803)	(184)
Salaries in form of share option program for employees	-	(162)
Other staff expenses	(6 629)	(4 508)
Staff-related expenses, total	**(168 666)**	**(137 306)**

The average level of employment in the Group in the first quarter of 2008 was 6 559 persons (v. 5 183 persons in the first quarter of 2007).

13. Other Operating Expenses

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Costs of selling or liquidation of fixed assets, intangible assets and assets held for resale	(71 156)	(15 723)
Impairment provisions created for tangible and intangible assets	-	(3 579)
Impairment provisions created for other receivables (excluding loans and advances)	(544)	(252)
Receivables and liabilities recognised as expired, written off and unrecoverable	(209)	(638)
Compensation, penalties and fines paid	(24)	(68)
Donations made	(3 264)	(2 253)
Provisions for future commitments	-	(1 306)
Costs of sale of services*	(493)	(2 576)
Other operating costs	(2 149)	(4 810)
Total other operating expenses	**(77 839)**	**(31 205)**

* concern non-banking services

14. Earnings per Share

<u>Earnings per share for 3 months – continued operations</u>

IFRS Financial Statements for the first quarter of 2008 (000's) PLN

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Basic:		
Net profit from continued operations attributable to the shareholders	346 636	151 542
Weighted average number of ordinary shares	29 661 938	29 520 547
Net basic profit per share (in PLN per share)	**11.69**	**5.13**
Diluted:		
Net profit from continued operations attributable to the shareholders, applied for calculation of diluted earnings per share	346 636	151 542
Weighted average number of ordinary shares	29 661 938	29 520 547
Adjustments for:		
- stock options for employees	26 354	162 362
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 688 292	29 682 909
Diluted earnings per share (in PLN per share)	**11.68**	**5.11**

Earnings per share for 3 months – together continued and discontinued operations

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Basic:		
Net profit from continued and discontinued operations attributable to the shareholders	350 826	222 738
Weighted average number of ordinary shares	29 661 938	29 520 547
Net basic profit per share (in PLN per share)	**11.83**	**7.55**
Diluted:		
Net profit from continued and discontinued operations attributable to the shareholders, applied for calculation of diluted earnings per share	350 826	222 738
Weighted average number of ordinary shares	29 661 938	29 520 547
Adjustments for:		
- stock options for employees	26 354	162 362
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 688 292	29 682 909
Diluted earnings per share (in PLN per share)	**11.82**	**7.50**

(000's)

15. Trading Securities and Pledged Assets

	31.03.2008	31.12.2007	31.03.2007
Debt securities:	**6 895 264**	**7 026 627**	**4 150 920**
Government bonds included in cash equivalents and pledged government bonds (sell buy back transactions), including:	5 849 223	4 774 608	3 314 370
- pledged government bonds (sell buy back transactions)	3 867 497	3 613 322	2 679 155
Treasury bills included in cash equivalents and pledged treasury bills (sell buy back transactions), including:	14 414	25 623	54 525
- pledged treasury bills (sell buy back transactions)	-	14 394	12 995
Other debt securities:	1 031 627	2 226 396	782 025
Equity securities:	**13 576**	**4 263**	**14 285**
- listed	13 576	4 263	14 285
Debt and equity securities, including:	**6 908 840**	**7 030 890**	**4 165 205**
- Trading securities	*3 041 343*	*3 403 174*	*1 473 055*
- Pledged assets	*3 867 497*	*3 627 716*	*2 692 150*

The note above does not include treasury and money bills pledged under Bank Guarantee Fund in the amount of PLN 80 774 thousand (31 December 2007 and 31 March 2007: PLN 80 442 thousand and 57 697 thousand respectively), which have been classified as investment securities (Note 17).

16. Loans and Advances to Customers

	31.03.2008	31.12.2007	31.03.2007
Loans and advances to individuals	15 208 514	13 876 425	9 899 976
Loans and advances to corporate entities	21 750 284	19 477 259	15 492 495
Loans and advances to public sector	602 946	599 155	1 012 207
Other receivables	338 121	412 529	243 532
Total (gross) loans and advances to customers	**37 899 865**	**34 365 368**	**26 648 210**
Provisions for loans and advances to customers (negative amount)	(664 021)	(682 703)	(834 975)
Total (net) loans and advances to customers	**37 235 844**	**33 682 665**	**25 813 235**
Short-term (up to 1 year)	12 588 601	13 824 483	11 068 348
Long-term (over 1 year)	24 647 243	19 858 182	14 744 887

The Group presents loans to microenterprises supported by retail banking of BRE Bank (mBank and MultiBank) under the item - loans and advances to individuals. Loans to microenterprises in presented reporting periods amount to respectively: 31 March 2008 – PLN 1 324 700 thousand, 31 December 2007 – PLN 1 147 600 thousand and 31 March 2007 – PLN 853 400 thousand.

Receivables purchased, realised guarantees and warranties in the Note "Loans and advances to customers" of financial statements for previous reporting periods were presented in separate items. Since the beginning of the second quarter of 2007 receivables purchased, realised guarantees and warranties have been included in loans and advances to individuals, corporate or public sector customers respectively.
The amount of reclassified items in the above note, in comparative data (31 March 2007) amounted to - receivables purchased: PLN 1 165 145 thousand; realised guarantees and warranties: PLN 6 114 thousand respectively.

17. Investment Securities and Pledged Assets

IFRS Financial Statements for the first quarter of 2008 PLN (000's)

	31.03.2008	31.12.2007	31.03.2007
Debt securities	**4 838 514**	**6 078 433**	**3 816 242**
- listed	4 773 426	6 014 425	3 727 431
- unlisted	65 088	64 008	88 811
Equity securities	**123 556**	**388 583**	**289 540**
- listed	9 045	10 021	6 222
- unlisted	114 511	378 562	283 318
Total investment securities and pledged assets, including:	**4 962 070**	**6 467 016**	**4 105 782**
- Available for sale securities	*4 881 296*	*6 386 574*	*4 048 085*
- Pledged assets	*80 774*	*80 442*	*57 697*
Short-term (up to 1 year)	1 789 216	3 061 950	1 061 652
Long-term (over 1 year)	3 172 854	3 405 066	3 044 130

The presented above, valued at fair value equity securities include impairment in the amount of PLN 29 077 thousand as at 31 March 2008 (31 December 2007: PLN 29 076 thousand, 31 March 2007: PLN 28 951 thousand respectively).

The above indicated note comprises treasury bills and monetary bills pledged under Bank Guarantee Fund, which are presented in the Balance Sheet in a separate position "Pledged assets".

18. Amounts due to Customers

	31.03.2008	31.12.2007	31.03.2007
Corporate customers	18 163 624	18 764 868	15 911 776
Individual customers	15 230 520	12 932 340	10 569 909
Public sector customers	220 171	704 655	192 781
Total amounts due to customers	**33 614 315**	**32 401 863**	**26 674 466**
Short-term (up to 1 year)	32 800 552	31 765 645	25 696 111
Long-term (over 1 year)	813 763	636 218	978 355

The Group presents amounts due to microenterprises supported by retail banking of BRE Bank (mBank and MultiBank) under the item – amounts due to individuals. The value of commitments due to current accounts as well as commitments due to term deposits taken from microenterprises in presented reporting periods amounts to: 31 March 2008 – PLN 1 205 000 thousand, 31 December 2007 – PLN 1 316 000 thousand, 31 March 2007 – PLN 942 200 thousand respectively.

19. Non-current Assets and Liabilities Held for Sale and Discontinued Operations

The Bank supports its strategy concerning the sale of pension business of PTE Skarbiec-Emerytura SA which the Bank considered as discontinued operations. On 29 June 2007 the Bank concluded with Aegon Woningen Nova B.V. holding 100% of the shares of Powszechne Towarzystwo Emerytalne Ergo Hestia S.A. (PTE Ergo Hestia) "The Agreement to Merge PTE Ergo Hestia and PTE Skarbiec-Emerytura" and "The Option Agreement". The integration will be carried out on the basis of article 492, paragraph 1, point 1 of the Code of Commercial Partnerships and Companies through taking over the property of PTE Skarbiec Emerytura SA by PTE Ergo Hestia SA.

On 28 September 2007 the Bank was informed of the decision of the President of the Office of Competition and Consumer Protection (Polish abbreviation "UOKiK") of 27 September 2007, concerning the consent for concentration consisting in the merger of Aegon PTE SA and PTE Skarbiec-Emerytura SA. The consent is one of the necessary conditions of the merger of the above indicated pension funds.

The merger of the companies also depends on the consent of the Polish Financial Supervision Authority (Polish abbreviation 'KNF'). On 7 November 2007 both pension funds submitted motions concerning the merger to KNF.

As at the issue date of these Consolidated Financial Statements, KNF did not announce the decision on the merger of the pension funds.

The Option Agreement contains put and call options, in the form of irrevocable offers pursuant to Article 66 of the Civil Code, entitling the Parties to purchase (sell) all the shares of the merger issue held by BRE Bank SA following the merger.

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The sale of shares as a consequence of acceptance of the offer and payment for the shares may take place once the consent from KNF is obtained.

The share price (the "Price") will be the sum of the following:
- PLN 385 million, subject to adjustment of the said amount resulting from the number of members of OFE Skarbiec-Emerytura, published in the last report of KNF before the date of the merger (date of entry of the merger in the National Court Register maintained for PTE Ergo Hestia); and
- the net value of current assets of PTE Skarbiec-Emerytura, calculated as the value of current assets, minus liabilities and provisions of PTE Skarbiec-Emerytura as of the end of the last calendar month preceding the date of the merger.

If the merger is not carried out until 30 June 2008, each of the Parties will have the right to terminate the "Agreement to Merge PTE Ergo Hestia and PTE Skarbiec-Emerytura". The Option Agreement will expire at the date of termination of the "Agreement to Merge PTE Ergo Hestia and PTE Skarbiec-Emerytura", if the consent for the merger is not obtained from KNF.

According to the rules described under point 2.17 of the Explanatory Notes to the Consolidated Financial Statements, as at 31 March 2008 the Bank classified PTE Skarbiec Emerytura SA (PTE) as non-current assets held for sale and discontinued operations. In accordance with IFRS 5 "Non-current Assets held for Sale and Discontinued Operations", as at 31 December 2007, all requirements set out in IFRS 5 to present PTE pension business as asset held for sale were met, except the expectation to complete a sale within 12 months from the initial timing of classification (December 2005). The delay in sale is caused by events outside the Bank's control (the requirement of gaining the consent for the sale from the market regulator).

The Bank believes that the facts meet the requirement of IFRS 5, Appendix B to justify an extension to the 12-month period in which PTE should be recognized as assets (or disposal group) held for sale.

The Group analysed the requirements of IAS 12 "Income Taxes" and based on paragraph 44 did not recognize deferred tax asset in relation to allowances due to shares of PTE in the consolidated financial statements. If the deferred tax had been recognized, the Group would have created an asset in the amount of PLN 81,1 million.

The activity of PTE was presented in the business segment reporting in the "Asset Management-discontinued operations" segment (Note 4).

Financial data presented below concern non-current assets (disposal groups) held for sale as at 31 March 2008, 31 December 2007 and 31 March 2007 and discontinued operations for periods: from 1 January to 31 March 2008 and from 1 January to 31 March 2007.

Financial data concerning balance sheet positions connected with the assets held for sale as at 31 March 2008, 31 December 2007 and 31 March 2007 are as follows:

	31.03.2008	**31.12.2007**	**31.03.2007**
Assets held for sale, including:			
Loans and advances to banks	10 693	4 064	17 979
Investment securities	83 334	88 744	63 729
- held to maturity	83 334	88 744	63 729
Intangible assets (including goodwill)	221 004	221 012	221 888
Tangible fixed assets	1 218	1 336	1 627
Deferred income tax assets	428	1 307	3 598
Other assets	38 543	19 615	11 312
Total assets held for sale	**355 220**	**336 078**	**320 133**

	31.03.2008	**31.12.2007**	**31.03.2007**
Liabilities held for sale, including:			
Other liabilities	9 773	10 596	7 838
Provisions	1 679	1 947	1 473
Total liabilities held for sale	**11 452**	**12 543**	**9 311**

Financial data concerning Profit and Loss Account items related to assets held for sale and discontinued operations for the period from 1 January to 31 March 2008 and the period from 1 January to 31 March 2007 are as follows:

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the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Interest income	1 067	766
Net interest income	**1 067**	**766**
Fee and commission income	12 108	10 594
Fee and commission expense	(5 404)	(4 610)
Net fee and commission income	**6 704**	**5 984**
Net trading income, including:	(1)	-
Foreign exchange result	*(1)*	-
Gains less losses from investment securities	-	89 458
Other operating income	9	9
Overhead costs	(2 336)	(2 244)
Amortization and depreciation	(124)	(77)
Other operating expenses	(18)	(3 588)
Operating profit	**5 301**	**90 308**
Income from sale of assets held for disposal		
Profit (loss) before income tax from discontinued operations	**5 301**	**90 308**
Income tax expense	(1 111)	(19 112)
Net profit (loss) from discontinued operations including minority interest	**4 190**	**71 196**
Net profit attributable to minority interest	-	-
Net profit (loss) from discontinued operations	**4 190**	**71 196**

Financial data concerning cash flows related to assets held for sale and discontinued operations for the period from 1 January to 31 March 2008 and the period from 1 January to 31 March 2007 are as follows:

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Cash flow from operating activities	(4 075)	4 739
Cash flows from investing activities	2	154 041
including sale of assets held for sale	-	*154 705*

<u>Earnings per share for 3 months – discontinued operations</u>

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Basic:		
Net profit from discontinued operations attributable to shareholders	4 190	71 196
Weighted average number of ordinary shares	29 661 938	29 520 547
Net basic profit per share (in PLN per share)	**0.14**	**2.41**
Diluted:		
Net profit from discontinued operations attributable to the shareholders, applied for calculation of diluted earnings per share	4 190	71 196
Weighted average number of ordinary shares	29 661 938	29 520 547
Adjustments for:		
- stock options for employees	26 354	162 362
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 688 292	29 682 909
Diluted earnings per share (in PLN per share)	**0.14**	**2.40**

Selected explanatory information

1. Compliance with International Financial Reporting Standards

The presented concise report for the first quarter of 2008 fulfills the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" relating to the interim financial reports.

2. Consistency of accounting principles and calculation methods applied to the drafting of the quarterly report and the last annual financial report

A detailed description of the accounting policy principles of the Group are presented under items 2 and 3 of the Notes to the Consolidated Financial Statements for the first quarter of 2008. The accounting policies were applied consistently over all of the presented periods.

3. Seasonal or cyclical nature of the business

The business operations of the Group do not involve significant events that would be subject to seasonal or cyclical variations.

4. The nature and values of items affecting assets, liabilities, equity, net profit/(loss) or cash flows, which are extraordinary in terms of their nature, magnitude or exerted impact

- On 25 January 2008, in accordance with the agreement on sale of shares of Vectra SA ("Vectra"), the Bank sold 9 045 404 shares with a nominal value of PLN 10 each. The Bank sold the above indicated shares at a total amount of PLN 264 035 thousand. Payment for the shares took place on the transaction date. The sold shares of Vectra constitute 19.95% of the share capital and 11.20% of voting rights at the general meeting of Vectra.

  The value of the sold shares of Vectra amounted to PLN 264 035 thousand in the accounting ledgers of the Bank. The Bank has had no Vectra's shares since the transaction.

  In the first quarter of 2008 the gross profit of the Group, arising from the transaction amounted to PLN 137 673 thousand, net of transaction costs.
- On 31 January 2008 BRE Bank granted a multiple currency mid-term unsecured loan in the amount of EUR 50 000 thousand (PLN 181 300 thousand according to NBP's average exchange rate as of 31 January 2008) to one of its clients. The agreement concerning the aforementioned loan has been the highest value agreement concluded with the client within the last twelve months and the total value of all concluded agreements with the client amounted to PLN 355 584 thousand.

  The loan was granted within a bank consortium for a period of 3 years with an extension clause for subsequent 2 years and it was assigned to the client's ongoing business activity. The interest rate on the loan consists of reference rates plus bank margin.
- On 17 March 2008, in accordance with the agreement of 10 March 2008 concluded between the Bank and Commerzbank AG, the Bank received a loan in the amount of CHF 500 000 thousand (PLN 1 147 850 thousand according to NBP's average exchange rate as of 17 March 2008) and it was assigned to fulfil general financial needs of the Bank. The loan was granted for a period of 3 years, the interest on the loan consists of 3M LIBOR plus bank margin.

5. The nature and the amounts of changes in estimate values of items, which were presented in previous interim periods of the current reporting year, or changes of accounting estimates indicated in prior reporting years, if they bear a substantial impact upon the current interim period

In the first quarter of 2008 there were no significant changes in estimate values of items presented in the previous financial periods.

6. Issues, redemption and repayment of debt and equity securities

In the first quarter of 2008 BRE Bank Hipoteczny issued bonds in the amount of PLN 1 045 116 thousand and mortgage bonds in the amount of PLN 200 000 thousand. In the same period the company redeemed bonds in the amount of PLN 1 350 900 thousand. Moreover, in the first quarter of 2008, BRE Leasing issued short-term bonds in the amount of PLN 162 000 thousand. In the same period redemption in the amount of PLN 184 000 thousand took place.

7. Dividends paid (or declared), broken down by ordinary shares and other shares

Pursuant to the resolution on profit distribution for the year 2007, adopted on 14 March 2008 by the 21st Ordinary General Shareholders Meeting of BRE Bank SA, no dividend for 2007 will be paid.

8. Income and profit by business segment

Income and profit by business segment within the Group are presented on the consolidated level in item 4 of the Notes to the Consolidated Financial Statements.

9. Significant events after the end of the first quarter of 2008, which were not reflected in the financial statement

- On 25 April 2008, in accordance with an underwriting agreement, concluded with BRE Bank Hipoteczny (BBH) on 23 April 2008, BRE Bank took over 250 thousand 3-year mortgage bonds issued by BBH, at PLN 250 000 thousand.
- On 25 April 2008, BRE Bank and Bayerische Landesbank signed an agreement under which on 30 April 2008 the Bank received a loan of EUR 150 000 thousand (the equivalent of PLN 519 060 thousand at average foreign exchange rate of the National Bank of Poland of 30 April 2008) to satisfy the Bank's general financial needs.The loan is granted for 3 years. Its interest rate is 6M LIBOR plus margin of profit
- On 25 April 2008, BRE Bank and Commerzbank AG signed an agreement under which the Bank will receive a loan of CHF 1 000 000 thousand (the equivalent of PLN 2 119 600 thousand at an average foreign exchange rate of the National Bank of Poland of 25 April 2008) to satisfy the Bank's general financial needs. The loan is granted for 3 years. Its interest rate is 3M LIBOR plus margin of profit. On 28 April 2008, the Bank received the first tranche of the loan in the amount of PLN CHF 700 000 thousand (the equivalent of PLN 1 490 580 thousand at average foreign exchange rate of the National Bank of Poland of 28 April 2008). The second tranche in the amount of CHF 300 000 thousand will be received by the Bank on 15 June 2008.

10. The effect of changes in the structure of the entity in the first quarter of 2008, including business combinations, acquisitions or disposal of subsidiaries, long-term investments, restructuring, and discontinuation of business activities

On 5 February 2008, based on an agreement concluded with BRE Holding, the Bank transferred shares and stocks of chosen Bank's subsidiaries. The transfer of the above indicated shares and stocks resulted from restructuring, conducted within the BRE Bank Group with the purpose of effective supervision of selected Corporate Banking companies.

The above indicated transaction was described in point 1 of the Notes to the Consolidated Financial Statements.

11. Changes in contingent liabilities and commitments

In the first quarter of 2008 there were no changes in contingent liabilities and commitments of a credit nature, i.e. guarantees, letters of credit or unutilised loan amounts, other than resulting from current operating activities of the Group. There was no single case of granting of guarantees or any other contingent liability of any material value for the Group.

12. Write-offs of the value of inventories down to net realisable value and reversals of such write-offs

The above indicated events did not occur in the Group.

13. Revaluation write-offs on account of impairment of tangible fixed assets, intangible assets, or other assets, as well as reversals of such write-offs

In the first quarter of 2008, no significant impairment loss write-offs were recorded in relation to any tangible fixed assets, intangible assets, and other assets, nor were any significant reversals on such account recorded in the Group.

14. Reversals of provisions against restructuring costs

The above indicated events did not occur in the Group.

15. Acquisitions and disposals of tangible fixed asset items

In the first quarter of 2008, there were no material transactions of acquisition or disposal of any tangible fixed assets, with the exception of typical lease and developer operations that are performed by the companies of the Group.

16. Liabilities assumed on account of acquisition of tangible fixed assets

The above indicated events did not occur in the Group.

17. Corrections of errors from previous reporting periods

In the first quarter of 2008, there were no corrections of errors from previous reporting periods.

18. Default or infringement of a loan agreement or failure to initiate composition proceedings

The above indicated events did not occur in the Group.

19. Position of the Management on the probability of performance of previously published profit/loss forecasts for the year in the light of the results presented in the quarterly report compared to the forecast

BRE Bank did not publish a performance forecast for 2008. The description of the business strategy and goals of the Bank published in current report no. 25/2007 is not a performance forecast in the sense of § 5.1.25 of the Regulation of the Minister of Finance of 19 October 2005 on current and periodic reports published by issuers of securities (Journal of Laws from 2005, No. 209, item 1744).

20. Registered share capital

The total number of ordinary shares as at 31 March 2008 was 29 663 778 shares (v. 29 527 770 as at 31 March 2007) with PLN 4 nominal value each (PLN 4 in 2007). All issued shares were fully paid.

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REGISTERED SHARE CAPITAL (STRUCTURE)

Series / issue	Share type	Type of privilege	Type of limitation	Number of shares	Series / issue value	Paid up	Registered on	Dividend right since
11-12-86	ordinary bearer**	-	-	9 972 500	39 890 000	fully paid up in cash	23-12-86	01-01-89
11-12-86	ordinary registered**	-	-	27 500	110 000	fully paid up in cash	23-12-86	01-01-89
20-10-93	ordinary bearer	-	-	2 500 000	10 000 000	fully paid up in cash	04-03-94	01-01-94
18-10-94	ordinary bearer	-	-	2 000 000	8 000 000	fully paid up in cash	17-02-95	01-01-95
28-05-97	ordinary bearer	-	-	4 500 000	18 000 000	fully paid up in cash	10-10-97	10-10-97
27-05-98	ordinary bearer	-	-	3 800 000	15 200 000	fully paid up in cash	20-08-98	01-01-99
24-05-00	ordinary bearer	-	-	170 500	682 000	fully paid up in cash	15-09-00	01-01-01
21-04-04	ordinary bearer	-	-	5 742 625	22 970 500	fully paid up in cash	30-06-04	01-01-04
21-05-03	ordinary bearer	-	-	2 355	9 420	fully paid up in cash	05-07-05*	01-01-05
21-05-03	ordinary bearer	-	-	11 400	45 600	fully paid up in cash	05-07-05*	01-01-05
21-05-03	ordinary bearer	-	-	37 164	148 656	fully paid up in cash	11-08-05*	01-01-05
21-05-03	ordinary bearer	-	-	44 194	176 776	fully paid up in cash	09-09-05*	01-01-05
21-05-03	ordinary bearer	-	-	60 670	242 680	fully paid up in cash	18-10-05*	01-01-05
21-05-03	ordinary bearer	-	-	13 520	54 080	fully paid up in cash	12-10-05*	01-01-05
21-05-03	ordinary bearer	-	-	4 815	19 260	fully paid up in cash	14-11-05*	01-01-05
21-05-03	ordinary bearer	-	-	28 580	114 320	fully paid up in cash	14-11-05*	01-01-05
21-05-03	ordinary bearer	-	-	53 399	213 596	fully paid up in cash	08-12-05*	01-01-05
21-05-03	ordinary bearer	-	-	14 750	59 000	fully paid up in cash	08-12-05*	01-01-05
21-05-03	ordinary bearer	-	-	53 320	213 280	fully paid up in cash	10-01-06*	10-01-06*
21-05-03	ordinary bearer	-	-	3 040	12 160	fully paid up in cash	10-01-06*	10-01-06*
21-05-03	ordinary bearer	-	-	46 230	184 920	fully paid up in cash	08-02-06*	08-02-06*
21-05-03	ordinary bearer	-	-	19 700	78 800	fully paid up in cash	08-02-06*	08-02-06*
21-05-03	ordinary bearer	-	-	92 015	368 060	fully paid up in cash	09-03-06*	09-03-06*
21-05-03	ordinary bearer	-	-	19 159	76 636	fully paid up in cash	09-03-06*	09-03-06*
21-05-03	ordinary bearer	-	-	8 357	33 428	fully paid up in cash	11-04-06*	11-04-06*
21-05-03	ordinary bearer	-	-	800	3 200	fully paid up in cash	11-04-06*	11-04-06*
21-05-03	ordinary bearer	-	-	108 194	432 776	fully paid up in cash	16-05-06*	16-05-06*
21-05-03	ordinary bearer	-	-	20 541	82 164	fully paid up in cash	16-05-06*	16-05-06*
21-05-03	ordinary bearer	-	-	17 000	68 000	fully paid up in cash	09-06-06*	09-06-06*
21-05-03	ordinary bearer	-	-	2 619	10 476	fully paid up in cash	09-06-06*	09-06-06*
21-05-03	ordinary bearer	-	-	33 007	132 028	fully paid up in cash	10-07-06*	10-07-06*
21-05-03	ordinary bearer	-	-	2 730	10 920	fully paid up in cash	10-07-06*	10-07-06*
21-05-03	ordinary bearer	-	-	48 122	192 488	fully paid up in cash	09-08-06*	09-08-06*
21-05-03	ordinary bearer	-	-	700	2 800	fully paid up in cash	12-09-06*	12-09-06*
21-05-03	ordinary bearer	-	-	3 430	13 720	fully paid up in cash	11-10-06*	11-10-06*
21-05-03	ordinary bearer	-	-	38 094	152 376	fully paid up in cash	10-11-06*	10-11-06*
21-05-03	ordinary bearer	-	-	15 005	60 020	fully paid up in cash	08-12-06*	08-12-06*
21-05-03	ordinary bearer	-	-	800	3 200	fully paid up in cash	10-01-07*	10-01-07*
21-05-03	ordinary bearer	-	-	200	800	fully paid up in cash	16-02-07*	16-02-07*
21-05-03	ordinary bearer	-	-	1 150	4 600	fully paid up in cash	09-03-07*	09-03-07*
21-05-03	ordinary bearer	-	-	9 585	38 340	fully paid up in cash	09-03-07*	09-03-07*
21-05-03	ordinary bearer	-	-	600	2 400	fully paid up in cash	11-04-07*	11-04-07*
21-05-03	ordinary bearer	-	-	32 964	131 856	fully paid up in cash	17-05-07*	17-05-07*
21-05-03	ordinary bearer	-	-	2 700	10 800	fully paid up in cash	15-06-07*	15-06-07*
21-05-03	ordinary bearer	-	-	8 640	34 560	fully paid up in cash	12-07-07*	12-07-07*
21-05-03	ordinary bearer	-	-	41 898	167 592	fully paid up in cash	14-08-07*	14-08-07*
21-05-03	ordinary bearer	-	-	400	1 600	fully paid up in cash	14-09-07*	14-09-07*
21-05-03	ordinary bearer	-	-	2 540	10 160	fully paid up in cash	11-10-07*	11-10-07*
21-05-03	ordinary bearer	-	-	30 807	123 228	fully paid up in cash	15-10-07*	15-10-07*
21-05-03	ordinary bearer	-	-	12 349	49 396	fully paid up in cash	13-12-07*	13-12-07*
21-05-03	ordinary bearer	-	-	700	2 800	fully paid up in cash	13-02-08*	13-02-08*
21-05-03	ordinary bearer	-	-	2 410	9 640	fully paid up in cash	19-03-08*	19-03-08*
Total number of shares				**29 663 778**				
Total registered share capital					**118 655 112**			
Nominal value per share (in PLN)			4					

* date of registration of shares in National Securities Deposit (KDPW SA)
** as at the balance sheet date

21. Material share packages

There was a change in the holding of material share packages of BRE Bank SA in the first quarter of 2008.

Commerzbank Auslandsbanken Holding AG is a shareholder holding over 5% of the share capital and votes at the General Meeting and as at 31 March 2008 it held 69.8485% of the share capital and votes at the General Meeting of BRE Bank SA (as at 31 December 2007 – 69.8558%).

On 19 March 2008 BRE Bank informed in Current Report No. 43/2008 that it received from BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA a notification concerning a decrease of its stake in both the share capital and the votes at the General Meeting of BRE Bank SA below 5%.

On 8 April 2008 BRE Bank informed in Current Report No. 51/2008 that received from BZ WBK AIB Asset Management SA a notification concerning a decrease of its stake in both the share capital and the votes at the General Meeting of BRE Bank SA below 5%.

22. Change in Bank shares and options held by Managers and Supervisors

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The following lists comprise the President of Management Board and other Members of Management Board of BRE Bank SA, appointed by the Supervisory Board of BRE Bank SA on 15 March 2008.

Detailed information about changes in the composition of both the Management Board and the Supervisory Board of BRE Bank SA was presented under point 28 of the Selected Explanatory Information.

	Number of shares held as at the date of publishing the report for Q4 2007	Number of shares acquired from the date of publishing the report for Q4 2007 to the date of publishing the report for Q1 2008	Number of shares sold from the date of publishing the report for Q4 2007 to the date of publishing the report for Q1 2008	Number of shares held as at the date of publishing the report for Q1 2008
Management Board				
1. Mariusz Grendowicz	-	-	-	-
2. Andre Carls	-	-	-	-
3. Wiesław Thor	5 609	-	-	5 609
4. Bernd Loewen	-	-	-	-
5. Jarosław Mastalerz	-	1 378	-	1 378
6. Christian Rhino	-	-	-	-

As at the date of publishing the report for the fourth quarter of 2007 and as at the date of publishing the report for the first quarter of 2008, the Members of the Management Board had no Bank share options and they have no Bank share options.

The Members of the Supervisory Board of BRE Bank SA had neither Bank shares nor Bank share options and they have neither Bank shares nor Bank share options.

23. Earnings per share (stand alone data)

Earnings per share for 3 months

the period	from 01.01.2008 to 31.03.2008	from 01.01.2007 to 31.03.2007
Basic:		
Net profit	312 723	227 698
Weighted average number of ordinary shares	29 661 938	29 520 547
Net basic profit per share (in PLN per share)	**10.54**	**7.71**
Diluted:		
Net profit attributable to the shareholders, applied for calculation of diluted earnings per share	312 723	227 698
Weighted average number of ordinary shares in issue	29 661 938	29 520 547
Adjustments for:		
- stock options for employees	26 354	162 362
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 688 292	29 682 909
Diluted earnings per share (in PLN per share)	**10.53**	**7.67**

24. Proceedings before a court, arbitration body, or public administration authority

As at 31 March 2008, BRE Bank was not involved in any proceedings before a court, arbitration body, or public administration authority concerning liabilities of the Bank or its subsidiaries whose value would be equal to or greater than 10% of the Bank's equity. The total value of claims concerning liabilities of the Bank in all proceedings before a court, an arbitration body or a public administration authority underway at 31 March 2008 was PLN
336 545 thousand, equal to 10.36% of the issuer's equity.

Report on major proceedings concerning contingent liabilities of the issuer

1. Lawsuit initiated by ART-B Sp. z o.o. Eksport – Import in Katowice ("ART-B") under liquidation, against BRE Bank

The claim was filed on 30 August 1994. On 26 July 2004 the Court of the first instance adopted a decision in favour of the Bank. Pursuant to the decision, the original claims for PLN 99.1 million plus statutory interest accrued since 1991 were dismissed by the Court as in the course of the proceedings the claimant withdrew the claims and presented a new calculation of losses and a new factual basis of the claims. The claims for PLN 17.4 million raised in the course of the proceedings were dismissed due to limitation and lack of sufficient evidence. On 4 July 2005, the Appeal Court in Warsaw dismissed the entire appeal of the claimant. The amount of claim in the proceedings of the second instance was PLN 17.4 mln. The claimant filed the last resort appeal for the ruling of the Court of Appeal. On 17 May 2006, the Supreme Court issued a verdict according to which the claims of ART-B in the amount of PLN 3 697 thousand were sent back to the Court of Appeal and the claims above that amount were dismissed. On 8 November 2006, the Court of Appeal dismissed the claims in the part sent back by the Supreme Court. The claimant filed the last resort appeal for the ruling of the Supreme Court on 17 February 2007. On 18 May 2007, the Supreme Court dismissed the ruling of 8 November 2006 of the Court of Appeal and referred the case back to the Court of Appeal in Warsaw. On 13 December 2007 the Court of Appeal in Warsaw changed the judgement of the District Court in Warsaw of 26 July 2004 in the part dismissing the claims and adjudicated the amount of PLN 858 thousand plus statutory interest from 9 April 2003 till payment date from the Bank in favour of ART-B and dismissed the appeal in the part concerning the dismissal of the appeal for the amount of PLN 2 840 thousand plus interest as well as in the part relating to the dismissal of the appeal claiming on adjudgement statutory interest on the amount of PLN 858 thousand for the period from 7 April 1993 to 8 April 2003. None of the litigants filed last resort appeal for the rulling, so the proceedings were closed definitely.

Proceedings for claims were also opened against BRE Bank SA in the Court of Jerusalem, Israel, and the value of the dispute is USD 43.4 million (PLN 96.8 million according to the average exchange rate of the National Bank of Poland on 30 March 2008). In these proceedings, BRE Bank SA assists the main defendant, Bank Leumi Le Israel. BRE Bank SA's liability is under recourse, and depends on whether the court grants ART-B's claims against Bank Leumi. Only then will the court consider Bank Leumi's claims against BRE Bank SA. The Israeli proceedings are still at the pre-trial stage (prior to the first hearing). Bank Leumi and ART-B have come to an agreement concerning arbitration. For reasons of procedure, BRE Bank SA has joined the process, which does not imply its acceptance of the claims or readiness to make a settlement. At present Bank Leumi and ART-B are on the final stage of establishing conditions of reconciliation to which the Bank is not going to accede. If the Bank does not accede to the consent in the future. The Bank's refusal to accede to the agreement may result in Bank Leumi's recourse claims against the Bank, however the probability of taking into account Bank Leumi's claims against the Bank is low due to favourable decisions in favour of the Bank in Poland.

2. Lawsuit brought by the Official Receiver of bankrupt Zakłady Mięsne POZMEAT SA with its registered office in Poznań ("Pozmeat") against BRE Bank and Tele-Tech Investment Sp. z o.o. ("TTI")

   The receiver of bankrupt Zakłady Mięsne POZMEAT with its registered office in Poznań ("POZMEAT") brought the case against BRE Bank SA and Tele-Tech Investment Sp. z o.o. to court on 29 July 2005. The value of the dispute amounted to PLN 100 000 thousand. The purpose was to cancel Pozmeat's agreements to sell Garbary shares to TTI and then to the Bank. The dispute focuses on determination of the value of the right to perpetual usufruct of land and related buildings, representing the only assets of Garbary Sp. z o.o. on the date of sale of Pozmeat's interest in Garbary Sp. z o.o. (19 July 2001). In the opinion of the Bank's legal counsellors in charge, there are good reasons to assume that claims are illegitimate.

3. Lawsuit brought by Bank BPH SA ("BPH") against Garbary.

   Bank BPH SA brought the case to court on 17 February 2005. The value of the dispute was estimated at PLN 42 854 thousand. The purpose was to recognize actions related to the creation of Garbary Sp. z o.o. and the contribution in kind as ineffective. The dispute focuses on determination of the value of the right to perpetual usufruct of land and related buildings that Zakłady Mięsne POZMEAT with its registered office in Poznań contributed in kind to Garbary Sp. z o.o. as payment for Pozmeat's stake in the PLN 100 000 thousand share capital of Garbary. On 6 June 2006 the District Court in Poznań issued a verdict according to which the claims were dismissed in their entirety. The claimant filed an appeal against that verdict. On 6 February 2007 the Court of Appeal dismissed the claimant's appeal. The claimant filed the last resort appeal against the ruling of the Court of Appeal. On 2 October 2007, the Supreme Court revoked the ruling of the Court of Appeal and referred the case back.

As at 31 March 2008, the Bank was not involved in any proceedings before a court, arbitration body, or public administration authority concerning receivables of the issuer or its subsidiaries whose value would be equal to or greater than 10% of the issuer's equity. The total value of claims concerning receivables of the issuer or its subsidiaries in all proceedings before a court, an arbitration body or a public administration authority underway at 31 March 2008 did not go above 10% of the issuer's equity.

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Contingent commitments of DI BRE due to Investor Compensation Scheme

On 20 February 2008, the Management Board of the National Depository for Securities passed resolution no 95/08 on transferring funds from the compensation scheme for investors' compensation payments, a part of the Investor Compensation Scheme fund, to a bankruptcy trustee of WGI Dom Maklerski SA. The above metioned resolution was implemented in line with its deadlines. In that connection, DI BRE does not plan to create a provision.

Taxes

Tax authorities did not carry out any full-scope tax audits at the Bank or at the companies of the Group within the first quarter of 2008.

In the fourth quarter of 2007, tax audits concerning correctness of the settlements of corporate income tax for the year 2002 with the State were carried out at the Bank and the findings of the audits were presented in the minutes of 21 December 2007. The audits did not indicate any irregularities and consequently BRE Bank did not make any reservations or explanations about the minutes.

There were no tax audits at the companies of the Group within the year 2007.

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Group's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

25. Off-balance sheet liabilities

Off-balance sheet liabilities as at 31 March 2008, 31 December 2007 and 31 March 2007.

Consolidated data

as at	31.03.2008	31.12.2007	31.03.2007
Contingent liabilities granted and received	**19 063 324**	**19 375 148**	**17 878 793**
Commitments granted	**17 511 258**	**17 140 138**	**14 721 557**
- financing	13 902 894	14 101 941	11 692 752
- guarantees and other financial facilities	2 889 773	2 520 287	2 684 905
- other commitments	718 591	517 910	343 900
Commitments received	**1 552 066**	**2 235 010**	**3 157 236**
- financing	629 305	1 317 021	615 548
- guarantees	639 930	635 627	2 362 486
- other commitments	282 831	282 362	179 202
Liabilities related to purchase/sale transactions	**700 701 566**	**636 990 965**	**563 630 001**
Total off-balance sheet items	**719 764 890**	**656 366 113**	**581 508 794**

Stand-alone data

as at	31.03.2008	31.12.2007	31.03.2007
Contingent liabilities granted and received	**16 957 510**	**17 131 217**	**17 007 612**
Liabilities granted	**16 367 559**	**16 147 207**	**14 770 161**
- financing	12 094 499	12 409 672	10 077 597
- guarantees	3 554 469	3 219 625	4 348 664
- others	718 591	517 910	343 900
Liabilities received	**589 951**	**984 010**	**2 237 451**
- financing	100 000	500 000	48 768
- guarantees	489 951	484 010	2 188 683
- others	-	-	-
Liabilities arising from purchase/sale operations	**700 383 165**	**636 193 783**	**564 218 083**
Total off-balance sheet items	**717 340 675**	**653 325 000**	**581 225 695**

26. Transactions with related entities

BRE Bank SA is the parent entity of the BRE Bank SA Group and Commerzbank AG is the ultimate parent of the Group. The direct parent entity of BRE Bank SA is Commerzbank Auslandsbanken Holding AG which is in 100% controlled by Commerzbank AG.

- On 5 February 2008, in accordance with the agreement concluded with BRE Holding, the Bank transferred shares and stocks of selected Bank's subsidiaries. The transfer resulted from restructuring, conducted within capital BRE Bank Group with the purpose of maintenance of effective supervision over selected corporate banking companies.

The foregoing transaction was described in point 1 of the Notes to these Consolidated Financial Statements.

Apart from the transaction described above, all transactions between the Bank and related entities, exceeding the equivalent of EUR 500 000 were typical and routine transactions concluded on market terms, and their nature, terms and conditions resulted from the current operating activities conducted by the Bank. Transactions concluded with related entities as a part of regular operating activities include loans, deposits and foreign currency transactions.

- On 17 March 2008, in accordance with the agreement of 10 March 2008 concluded between the Bank and Commerzbank AG, the Bank received a loan in the amount of CHF 500 000 thousand (PLN 1 147 850 thousand according to NBP's average exchange rate as of 17 March 2008) and it was assigned to fulfil general financial needs of the Bank. The loan was granted for a period of 3 years, the interest on the loan consists of 3M LIBOR plus bank margin.

In all reporting periods there were no related-party transactions with the direct parent entity of BRE Bank.

The amounts of transactions with related entities, i.e., receivable balances and commitment balances and related expenses and income as at 31 March 2008, 31 December 2007 and 31 March 2007 were as follows:

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Numerical data concerning transactions with related entities - 31 March 2008

No.	Company's name	Balance sheet		Profit and Loss Account				Off-balance sheet items	
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	ServicePoint Sp. z o.o.	174	73	3	(1)	2	0	326	0
2	BRELINVEST Sp. z o.o. Fly 2 Commandite Company	0	3	0	0	0	0	0	0
3	BREL-MAR Sp. z o.o.	0	1	0	0	0	0	0	0
4	AMBRESA Sp. z o.o.	0	476	0	0	0	0	0	0
5	BRE Ubezpieczenia TU SA	0	8 123	0	(100)	2	0	0	0
	Associated								
	Xtrade S.A.	0	81	0	(1)	2	0	0	0
	Ultimate Parent Group								
	Commerzbank AG Group	697 948	11 632 380	3 883	(96 896)	0	0	51 268	108 247

Numerical data concerning transactions with related entities - 31 December 2007

No.	Company's name	Balance sheet		Profit and Loss Account				Off-balance sheet items	
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	ServicePoint Sp. z o.o.	155	74	1	(14)	10	0	345	0
2	BRELINVEST Sp. z o.o. Fly 2 Commandite Company	0	1	0	(8)	1	0	0	0
3	BRE Holding Sp. z o.o.	0	98	0	0	0	0	0	0
4	BREL-MAR Sp. z o.o.	0	1	0	0	1	0	0	0
5	AMBRESA Sp. z o.o.	0	354	0	0	2	0	0	0
6	BRE Ubezpieczenia Sp. z o.o.	0	8 383	0	(121)	2	0	0	0
	Associated								
	Xtrade SA	0	61	0	(4)	7	0	0	0
	Ultimate Parent Group								
	Commerzbank AG Group	387 525	9 861 963	25 838	(246 096)	0	0	54 308	106 369

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Numerical data concerning transactions with related entities - 31 March 2007

No.	Company's name	Balance sheet		Profit and Loss Account				Off-balance sheet items	
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	ServicePoint Sp. z o.o.	136	0	1	0	0	(1)	0	0
2	FAMCO SA	3 860	0	33	0	0	(1)	0	0
3	BRELINVEST Sp. z o.o. Fly 2 Commandite Company	11	0	0	0	0	0	0	0
4	BREL-MAR Sp. z o.o.	2	0	0	0	0	0	0	0
5	AMBRESA Sp. z o.o.	1 126	0	0	0	0	0	0	0
6	emFinanse Sp. z o.o.	29	5 336	0	(56)	0	(15)	0	5 064
7	BRE Ubezpieczenia Sp. z o.o.	810	0	23	0	0	(1)	0	0
8	BRE Ubezpieczenia TU SA	6 480	0	66	0	0	(1)	0	0
	Associated								
	Xtrade S.A.	5	0	0	0	0	(1)	0	0
	Ultimate Parent Group								
	Commerzbank AG Group	500 402	6 273 859	6 250	(41 324)	0	0	193 311	228 981

27. Credit and loan guarantees, other guarantees granted in excess of 10% of the equity

The Bank's exposure under extended guarantees in excess of 10% of the equity as at 31 March 2008 relates to:
- two guarantees of the redemption of euronotes issued by order of BRE Finance France SA (issuer of eurobonds), a 100%-owned subsidiary of BRE Bank SA. The guarantee of USD 10 million took effect in December 2004 with an expiry date in December 2009. The second guarantee of EUR 200 million took effect in June 2005 with an expiry date in June 2008. The guarantee of EUR 225 million, granted in October 2004, was repaid in October 2007.

28. Other information which the issuer deems necessary to assess its human resources, assets, financial position, financial performance, and their changes, as well as information relevant to an assessment of the issuer's capacity to meet its liabilities

On 14 March 2008, the Supervisory Board of BRE Bank SA appointed Management Board Members, as of 15 March 2008, for a joint five-year term of office:

1. Mr Mariusz Grendowicz as President of the Management Board of BRE Bank SA, General Director of the Bank,
2. Mr Andre Carls as Deputy President of the Management Board of BRE Bank SA, Chief Financial Officer,
3. Mr Wiesław Thor as Deputy President of the Management Board of BRE Bank SA, Head of Risk Management,
4. Mr Bernd Loewen as Member of the Management Board of BRE Bank SA, Head of Investment Banking,
5. Mr Jarosław Mastalerz as Member of the Management Board, Head of Retail Banking,
6. Mr Christian Rhino as Member of the Management Board, Head of Operations and IT.

Moreover, Mr Bernd Loewen will temporarily supervise Corporate Banking.

Simultaneously, the following persons ceased performing their functions on the Management Board of BRE Bank SA:

1. Mr Sławomir Lachowski – President of the Management Board, Director General of the Bank,
2. Mr Jerzy Jóźkowiak – Member of the Management Board, Chief Financial Officer,
3. Mr Rainer Ottenstein – Member of the Management Board, Head of Operations and IT,
4. Mr Janusz Wojtas – Member of the Management Board, Head of Corporate Banking.

On 14 March 2008, the Ordinary General Meeting of BRE Bank SA elected three new persons to the Supervisory Board of the Bank SA:

1. Mr Waldemar Stawski,
2. Mr Marek Wierzbowski,
3. Mr Martin Zielke.

The following persons were re-elected to the Supervisory Board for another term of office:

1. Mr Maciej Leśny,
2. Mr Martin Blessing,
3. Mr Achim Kassow,
4. Ms Teresa Mokrysz,
5. Mr Michael Schmid,
6. Mr Jan Szomburg.

29. Factors affecting the results in the coming quarter

Apart from current operating activity of both the Bank and the companies of the Group, in the second quarter of 2008 no other events that would affect the results in this period are expected.