BRE BANK SA

BRE Bank SA Group

IFRS Consolidated Financial Statements for the third quarter of 2008

Contents

Selected financial data

SELECTED FINANCIAL DATA FOR THE GROUP		in PLN '000		in EUR '000	
		III quarters of 2008 from 01-01-2008 to 30-09-2008	III quarters of 2007 from 01-01-2007 to 30-09-2007	III quarters of 2008 from 01-01-2008 to 30-09-2008	III quarters of 2007 from 01-01-2007 to 30-09-2007
I.	Interest income	2 552 991	1 671 500	745 464	436 264
II.	Fee and commission income	683 294	611 498	199 519	159 602
III.	Net trading income	422 346	378 080	123 324	98 679
IV.	Operating profit	981 195	749 833	286 505	195 707
V.	Profit before income tax	981 195	749 833	286 505	195 707
VI.	Net profit attributable to minority interest	29 612	22 958	8 647	5 992
VII.	Net profit	842 817	568 116	246 100	148 279
VIII.	Net cash flows from operating activities	(3 046 398)	(3 110 256)	(889 537)	(811 781)
IX.	Net cash flows from investing activities	17 067	(8 559)	4 984	(2 234)
X.	Net cash flows from financing activities	5 461 981	2 627 092	1 594 879	685 674
XI.	Net increase / decrease in cash and cash equivalents	2 432 650	(491 723)	710 325	(128 340)
XII.	Total assets	67 723 236	51 759 647	19 870 092	13 702 091
XIII.	Amounts due to the Central Bank	-	-	-	-
XIV.	Amounts due to other banks	17 935 202	11 900 824	5 262 213	3 150 450
XV.	Amounts due to customers	38 123 174	29 020 215	11 185 393	7 682 386
XVI.	Capital and reserves attributable to the Company's equity holders	4 014 731	3 181 932	1 177 928	842 338
XVII.	Minority interest	137 891	104 807	40 457	27 745
XVIII.	Share capital	118 764	118 460	34 846	31 359
XIX.	Number of shares	29 690 882	29 614 972	29 690 882	29 614 972
XX.	Book value per share (in PLN/EUR per share)	135.22	107.44	39.67	28.44
XXI.	Diluted book value per share (in PLN/EUR per share)	135.18	107.17	39.66	28.37
XXII.	Capital adequacy ratio	10.51	10.26	10.51	10.26
XXIII.	Earnings on continued operations per 1 ordinary share (in PLN/EUR per share)	25.82	16.45	7.54	4.29
XXIV.	Diluted earnings on continued operations per 1 ordinary share (in PLN/EUR per share)	25.81	16.41	7.54	4.28
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	
		III quarters of 2008 from 01-01-2008 to 30-09-2008	III quarters of 2007 from 01-01-2007 to 30-09-2007	III quarters of 2008 from 01-01-2008 to 30-09-2008	III quarters of 2007 from 01-01-2007 to 30-09-2007
I.	Interest income	2 055 569	1 317 268	600 219	343 809
II.	Fee and commission income	528 162	415 420	154 221	108 425
III.	Net trading income	398 424	366 814	116 338	95 739
IV.	Operating profit	919 356	671 708	268 449	175 317
V.	Profit before income tax	919 356	671 708	268 449	175 317
VI.	Net profit	840 152	549 652	245 321	143 460
VII.	Net cash flows from operating activities	(2 066 714)	(1 792 659)	(603 473)	(467 886)
VIII.	Net cash flows from investing activities	167 259	79 695	48 839	20 800
IX.	Net cash flows from financing activities	4 358 940	1 175 325	1 272 795	306 761
X.	Net increase / decrease in cash and cash equivalents	2 459 485	(537 639)	718 161	(140 324)
XI.	Total assets	58 692 892	44 636 084	17 220 577	11 816 303
XII.	Amounts due to the Central Bank	-	-	-	-
XIII.	Amounts due to other banks	12 157 380	7 741 599	3 566 992	2 049 397
XIV.	Amounts due to customers	37 667 198	30 143 858	11 051 609	7 979 843
XV.	Equity	3 774 742	2 989 270	1 107 515	791 336
XVI.	Share capital	118 764	118 460	34 846	31 359
XVII.	Number of shares	29 690 882	29 614 972	29 690 882	29 614 972
XVIII.	Book value per share (in PLN/EUR per share)	127.13	100.94	37.30	26.72
XIX.	Diluted book value per share (in PLN/EUR per share)	127.10	100.68	37.29	26.65
XX.	Capital adequacy ratio	11.12	11.02	11.12	11.02
XXI.	Earnings per 1 ordinary share (in PLN/EUR per share)	28.31	18.60	8.27	4.85
XXII.	Diluted earnings per 1 ordinary share (in PLN/EUR per share)	28.30	18.55	8.26	4.84
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:

- for balance sheet items – an exchange rate announced by the National Bank of Poland as at 30 September 2008 – 1 EUR = 3.4083 PLN and an exchange rate announced by the National Bank of Poland as at 30 September 2007 – 1 EUR = 3.7775 PLN.

- for profit and loss account items – 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 and the third quarter of 2008 and 2007: 1 EUR = 3.4247 PLN and 1 EUR = 3.8314 PLN respectively.

Introduction

The net profit attributable to the shareholders of the parent entity of the BRE Bank Group was PLN 842.8 million (PLN 981.2 million before tax) at the end of September 2008, compared to PLN 568.1 million (PLN 749.8 million before tax) in the same period of 2007.

The profit before tax was up by PLN 231.4 million, i.e., 30.9% year on year, mainly driven by the profit on continued operations, up by PLN 255.6 million (+39.5%); meanwhile, the profit on discontinued operations was down by PLN 24.3 million year on year. The profit on discontinued operations in the amount of PLN 103.2 million in 2007 was largely driven by the profit on the sale of the subsidiary SAMH (PLN 89.5 million); whereas in the current year the profit on discontinued operations in the amount of PLN 78.9 million in 2008 mainly included the result of the merger of the company PTE Skarbiec-Emerytura with Aegon PTE stated in the Consolidated Financial Statements of the BRE Bank Group in the amount of PLN 67.2 million.

The interest income grew steadily in Q3 2008 like in previous periods. The fx income also grew in comparison with previous quarters. However, the upward trend of the net commission income did not continue as this item went down compared to the previous two quarters. Weaker conditions on the financial market caused a decrease of the growth rate of other trading income, relatively lower increase of other operating income (including income on the sale of real property by the subsidiary BRE.locum) and a higher risk cost charge.

As a result, the profit before tax was PLN 260.2 million in Q3, less than in the previous quarters, mainly due to the lack of comparable capital income and higher credit impairment provisions. However, income net of capital gains was higher than in the previous quarters: up by PLN 54 million v. Q2 and up by PLN 32 million v. Q1.

The high profitability of business demonstrated by the results of 2008 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 39.9% at the end of September 2008, compared to 37.8% at the end of September 2007 (ROE before tax for continued operations amounted to 36.7% and 32.6% respectively).

Capital transactions made a similar contribution to profits generated in 2008 and 2007. The profits of 2008 included the sale of Vectra SA with a profit in the amount of PLN 137.7 million and the merger of the company PTE Skarbiec-Emerytura with Aegon PTE stated in the BRE Bank Group Consolidated Financial Statements in the amount of PLN 67.2 million. The profits of 2007 included the sale of SAMH in the amount of PLN 89.5 million. The return on equity (profit before tax) net of the impact of one-off transactions in both periods was similar, i.e., 31.5% in 2008 and 33.3% in 2007.

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 48.9% at the end of September 2008, compared to 53.7% at the end of September 2007. The CIR net of the one-off transactions was also lower than the CIR in 2007 (around by 3 percentage points) and amounted to 54%.

The main drivers of the financial results included:

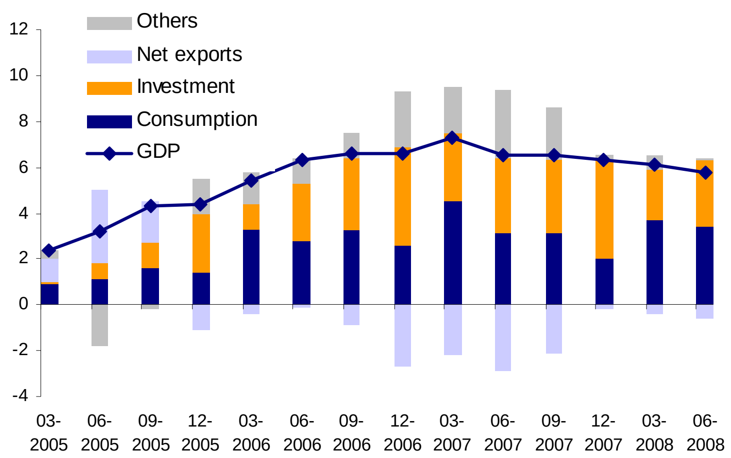
1. Continued growth of the loans portfolio (mainly retail loans while corporate loans grew at a slightly lower rate) and customers' deposits, which was decisive to improvement of the balance-sheet structure in terms of the profitability of business. These trends were reflected in the steady growth of income on the core business. The loans portfolio grew by 37.3% (around PLN 11.8 billion) year on year, and its percentage share in the balance sheet total grew to 64.1% at the end of September 2008.
2. Significant growth in fx trading with customers enabling to grow the fx income.
3. Deteriorating financial market situation in Q2 and Q3 2008, resulting among others in falling prices of securities and consequently falling income from the valuation of securities recorded under other trading income.
4. Significant contribution of the subsidiaries to the Group's results despite the deteriorating market conditions. The accounting profit before tax generated by the Group subsidiaries (including both continued and discontinued operations) amounted to PLN 191.8 million, compared to PLN 172.8 million in the same period of 2007, up by 11%.
5. Strict cost discipline, both at the Bank and the subsidiaries.
6. Continued high quality of the loans portfolio resulting in relatively low credit and loans impairment provisions charged to the costs of the Group, especially in the early months of he year with an upward trend in the following months. The charge grew sharply year on year due to the Bank's unusually positive net provisions after considerable release of provisions in H1 2007.

Macroeconomics in Q3 2008

Gross Domestic Product

Macroeconomic data published in Q3 2008 indicate continued decrease of the economic growth rate. GDP growth was 5.8% YoY in Q2 2008, much lower than in Q2 2007 (6.5% YoY) and lower than in Q1 2008 (6.0% YoY). The growth of domestic demand, however, remained relatively high (6.0% YoY) thanks to stable growth of consumption (5.5% YoY) and growth of investments only slightly lower than in the previous quarter (15.2% v. 15.7% in Q1). The growth rate of exports decreased to 8.5% YoY but because the growth rate of imports also fell (to 8.7%) the negative contribution of the balance of foreign trade grew only modestly (from -0.3 percentage points in Q1 to -0.4 percentage points in Q2).

GDP Growth Rate (percentage points)



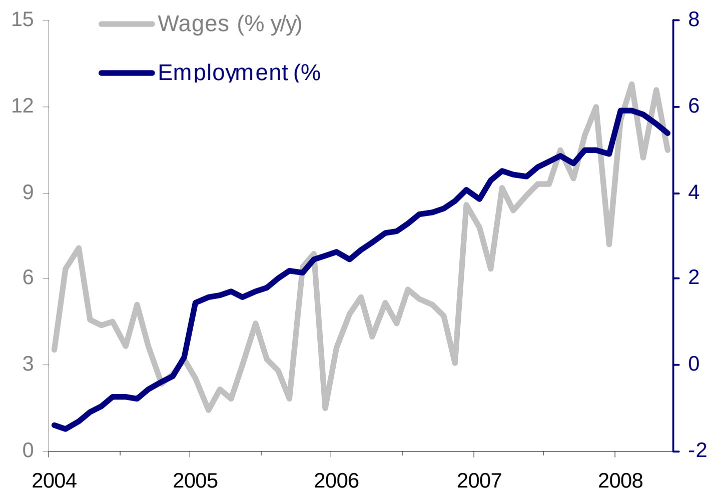
Current industrial output and retail sales statistics indicate that the scale of the imminent economic slow-down may be greater than past-based GDP data may suggest. In August, the growth in industrial output was negative (-3.7% YoY) for the first time since 2005, while growth of retail sales fell to a single-digit figure (7.7% YoY). While analysis of these data needs to consider the difference in the number of business days, yet even including this effect the statistics indicate clearly that economic activity is less dynamic, which confirms market cycle statistics.

It can be estimated that the GDP growth rate fell to ca. 4.5% YoY in Q3, mainly due to the falling growth rate of investments and a growing negative balance of foreign trade.

Labour Market

Despite further fall of the unemployment rate, the situation on the labour market is gradually deteriorating. The number of new jobs created in H1 2008 was one-fourth lower than in H1 2007; the biggest fall was reported in trade and transportation, and above-average fall in the industrial processing sector. The number of vacancies fell by around 20% in that period. Employment in the corporate sector grew in Q3 by only 0.2% (12.7 thousand people) while decrease of employment observed in the last four months in the industrial processing sector continued. The slow-down of growth in employment was also observed at the level of the national economy: the annual growth rate fell from 4.4% to 3.9%.

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



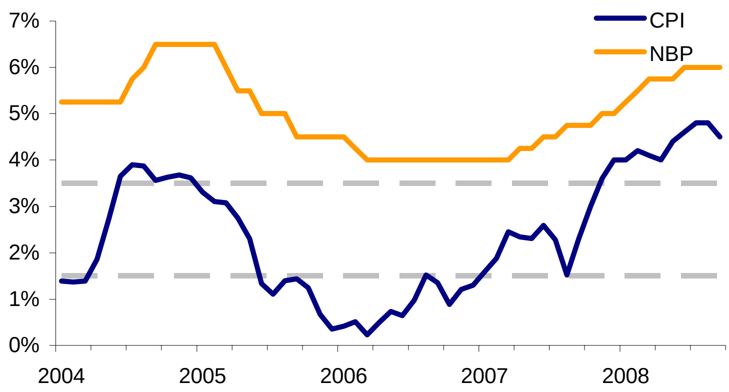
The developments on the labour market have not yet been reflected in wages and salaries. The annual growth of wages remained at a double-digit level (11.6%) in Q2 2008, probably due to a traditional lag in the adjustment of wages (especially in the public sector) to changes in the economy. The growth rate of wages in the corporate sector remained high (10.9% YoY in September), although it fell temporarily below 10% in August for the first time since December 2007. The official unemployment rate went down from 9.6% at the end of June to 9.1% at the end of September, mainly due to seasonal change.

Due to the same factors, unemployment may rise by the end of the year; unemployment is unlikely to continue falling in 2009 due to the economic slow-down. The unemployment rate estimated on the basis of surveys ("BAEL") fell to 7.1% at the end of Q2; unemployment based on similar statistics from Eurostat fell to only 6.7% in August (discounting seasonal factors), below the EU average (6.9%) and the eurozone average (7.5%).

Inflation and NBP Interest Rates

The annual inflation rate reached a high of 4.8% in July and August and fell to 4.5% in September. The CPI fell mainly thanks to lower food and energy commodity prices but was driven by the rising cost of house maintenance and higher prices of some services. While the scale of secondary effects of an earlier rise of food and energy carrier prices remained modest, the net core inflation ratio rose to 4.3% YoY and the new ratio net of all food and energy prices was 2.9% YoY.

CPI (% YoY), NBP Intervention Rate (%)



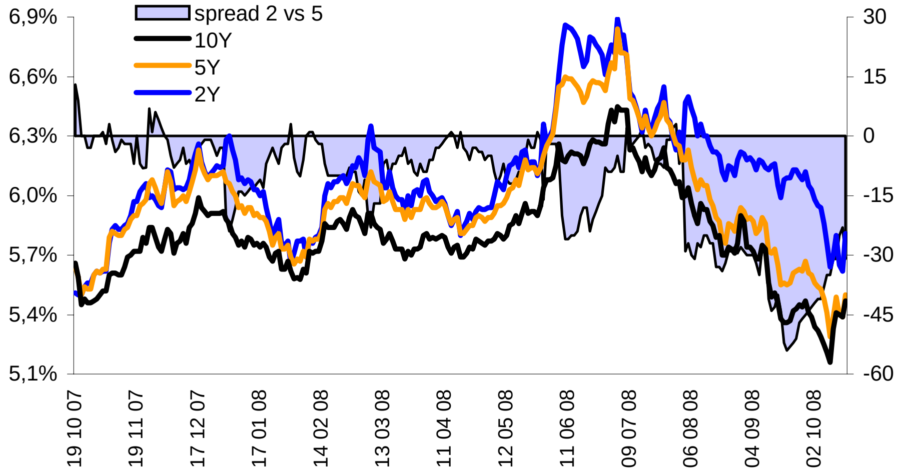
The NBP interest rates remained unchanged in all of Q3. The symptoms of diminishing inflation pressures and growing concerns about the strength of the Polish economy were used as arguments against further tightening of the monetary policy. In early Q3, the strengthening of the zloty was another argument against an interest rate hike (in July the zloty was at its annual high close to 3.2 to the euro and 2 to the dollar).

The appreciation trend of the zloty stopped in early August; since then, the Polish currency has been weakening, at first gradually, and as of mid-October very sharply. Concerns about the strength of the zloty coupled with rising core inflation and high growth of wages and salaries prompted the Monetary Policy Council to abstain from the co-ordinated action of interest rate cuts carried out by many central banks on 8 October 2008. However, there are still reasons to expect that the cycle of tightening the monetary policy started in April 2007 has now come to an end and the NBP interest rates may be cut in the coming months. The monetary policy may in near future be driven by the Government plan to comply with the convergence criteria in 2011, requiring sufficiently low inflation. However, this does not preclude interest rate cuts: as economic activity becomes less dynamic, inflation pressures will also diminish, enabling a relaxation of the monetary policy.

Financial Markets

Serious turbulences on global financial markets continued in Q3 and deepened strongly in September. This was demonstrated by spectacular events including the de facto nationalisation of the key institutions of the US mortgage market, Fannie Mae and Freddie Mac, the bankruptcy of the investment bank Lehman Brothers, and the need to provide State aid to the insurance corporation AIG. The global crisis unfolded in October as Iceland saw a collapse of its banking system and suffered a currency crisis, banks in the United Kingdom, Belgium and Germany experienced liquidity problems, and Hungary witnessed an outflow of capital and depreciation of the forint, which also hit other currencies in our region. Governments of many States took broad-scale action to overcome the crisis by supplying liquidity to the interbank market, mitigating the problem of low-value assets, recapitalising financial institutions, and extending more protection to deposit holders. These actions were increasingly co-ordinated on the global and regional level, including a joint decision of the EU member states to increase the minimum deposit guarantees to the equivalent of EUR 50 thousand. Six leading central banks (the Federal Reserve, the ECB, the Bank of England, the Bank of Canada, the Swedish Riksbank and the Swiss SNB) decided to cut interest rates simultaneously; as a result, the US reference rate fell to only 1.50% and the eurozone rate to 3.75%.

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

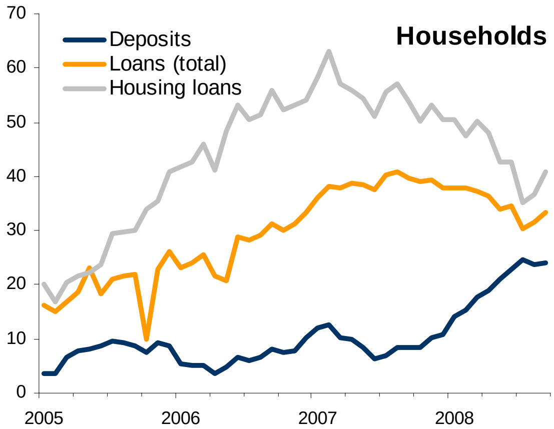


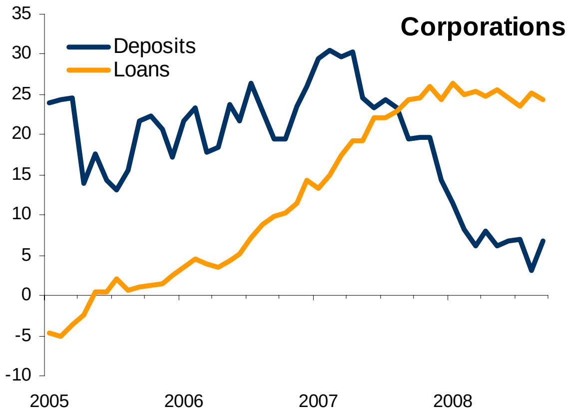
The rescue operation on a mass scale has not yet produced a considerable improvement of the market situation, and the lack of confidence has already affected emerging markets. The problems in Iceland, Hungary and Ukraine and generally rising risk aversion have hit the market situation and the currencies of many countries previously not affected so strongly by the global turbulences. The zloty saw the strongest correction of its upward trend since 2004. Between its July high and 23 October, the zloty lost around 24% against the euro and around 30% against the dollar as the US dollar strengthened against the euro. Aversion to emerging markets was also bad for Polish Treasury securities whose yields grew despite rising expectations of interest rate hikes reflected in IRS rates. As a result, asset swaps grew sharply, especially at the long end of the yield curve.

Banking Sector

Despite the turbulences on the global financial markets, the growth rate of Poland's main monetary aggregates stabilised in Q3. Growth of household deposits remained high (23.9% YoY at the end of September) driven on the one hand by growing interest rates on bank deposits and on the other hand by continued redemption of investment fund shares. The growth rate of corporate deposits remained low year to date (6.7% YoY at the end of September) due to the deteriorating financial results of Polish companies. The growth rate of corporate loans remained stable and high (24.4% YoY) as companies need to use external funding for investments and other expenses while their own resources are diminishing. After a sharp fall in the growth rate of household loans in H1 2008, the trend stopped (probably temporarily) in Q3 and the growth rate rose to 33.4% YoY in September. The trends in the growth rate of loans (in particular household loans) were, however, partly distorted by the volatility of the zloty.

Growth in Loans and Deposits (% YoY)





General lack of confidence and financial problems of some institutions which own banks operating in Poland caused turbulences in the operation of the Polish interbank market as liquidity decreased, terms of transactions were shortened and WIBOR increased. More difficult and more expensive access of banks to funding results in increasingly strict terms of granting loans to enterprises and households. This may cause further decrease in the growth rate of loans, additionally aggravated if new requirements for mortgage loans considered by the banking regulator are introduced. Growing interest rates on deposits and the planned increase of deposit guarantees from the State should however keep up a relatively high growth rate of household deposits.

Key Drivers of the BRE Bank Group's Performance in Q3 2008

Balance Sheet

The BRE Bank Group's balance sheet total was PLN 67.7 billion at 30 September 2008, up by 30.8% year on year and up by 4.7% quarter on quarter.

Credits and loans grew the fastest in nominal terms, by PLN 11.8 billion, i.e. 37.3% year on year. A dynamic growth trend was reported in particular for retail loans, up by 56.0%, i.e. PLN 7.1 billion year on year. Meanwhile, the corporate loans portfolio was up by 25.5%, i.e. PLN 4.7 billion.

The growth rate of loans was 9.5% (PLN 3.8 billion) in Q3 2008, entirely driven by retail loans (up by 15.8%) while corporate loans were almost stable quarter on quarter.

Advances and loans to banks grew by a high 48.5% year on year (up by ca. PLN 2.3 billion) and by a similar rate quarter on quarter. Trading securities grew year on year (by around PLN 1.4 billion) and quarter on quarter (by around PLN 0.6 billion) while investment securities grew less dynamically, i.e., by PLN 0.2 billion, i.e. (5.7%) year on year and fell modestly by ca. PLN 0.6 billion (11.9%) quarter on quarter. As a result, while the scale of business grew, liquid assets (cash with the central bank, advances and loans to banks, securities) remained stable throughout the period, ensuring high safety of business.

Amounts due to clients, the Group's major source of funding, were up by 31.4% or PLN 9.1 billion year on year, reaching PLN 38.1 billion at the end of September 2008, close to 60% of total liabilities. The growth rate of amounts due to clients was modestly lower in Q3 2008 (4.8%) than in Q2 2008, up by PLN 1.7 billion in nominal terms.

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 6.0 billion (50.7%) year on year, mainly thanks to credit lines in the Swiss franc obtained by the Bank and used to finance the growing portfolio of housing loans granted in the Swiss franc. Long-term and mid-term credit lines obtained by the Bank grew by around PLN 4.4 billion year on year. Credit lines obtained by the Bank grew by PLN 1 billion in Q3 2008, resulting in a 9% growth in the Group's liabilities to banks. Early in Q3, the Bank received a three-year CHF 1 billion (PLN 2.1 billion) loan from its main shareholder.

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

The capital adequacy ratio was 10.51% as at the end of September 2008, compared to 10.26% as at the end of September 2007 and 9.23% as at the end of June 2008. The ratio increased year on year despite a large growth of the capital requirement, driven through the retention of the profit and obtained funds under subordinated loans in the total amount of CHF 180 million under an approval from the Financial Supervision Authority given in July-August. The supplementary capital was raised as a result of two agreements signed by the Bank with Commerzbank: Note Issuance Facility Agreement whereby Commerzbank took notes of total nominal value of CHF 90 milion, of a new issue, without a set maturity, and ten-year CHF 90 million subordinated loan agreement.

As a result, the own funds of the Group were at PLN 5.5 billion as at the end of September 2008, up by over PLN 1 billion quarter on quarter and up by PLN 1.7 billion year on year. Meanwhile, the capital requirement grew from PLN 3 billion at the end of September 2007 to PLN 3.8 billion at the end of H1 2008 and PLN 4.2 billion at 30 September 2008.

Profit and Loss Account

The BRE Bank Group generated a profit before tax of PLN 981.2 million in Q1-3 2008, up by 30.9% 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 was PLN 902.3 million at the end of September 2008, compared to PLN 646.6 million at the end of September 2007, up by 39.5% or PLN 255.6 million. Net of the one-off transaction of sale of Vectra SA, the profit before tax grew by 18.2% (around PLN 118 million).

The net interest income grew by 36.6% year on year. It was PLN 1,006.2 million, compared to PLN 736.7 million in 2007. The higher net interest income was possible mainly thanks to growth at the Bank (44.7%) while the subsidiaries reported less growth (10.4%). The BRE Bank Group's interest margin (net interest income to average interest-earning assets) was 2.4% p.a. in 2008, more than in 2007 (2.3% p.a.). 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 loans portfolio, and a better match of the currency structure of the balance sheet combined with an increase in own funds. The positive impact of the improved profitability of business was partly offset by negative trends of growing costs of funding and squeezing interest margins due to growing competition.

The net interest income of the Retail Banking Line, up by 54.9% YoY, i.e. PLN 169.5 million, made the greatest contribution to the growth of the net interest income of the BRE Bank Group. Meanwhile, the net interest income of Corporates and Financial Markets grew by 25.3%, i.e. PLN 111.2 million.

The net commission income grew by 5.6% year on year in Q1-3 2008, the lowest growth of all income items, and was PLN 452.7 million, compared to PLN 428.5 million in 2007. The growth rate of the net commission income declined in 2008 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 Financial Markets again made the largest contribution to the net commission income at 55.6% of the Group's income. Thanks to continued high growth of Retail Banking income by 20.7% year on year, the contribution of the Retail Banking Line to the Group's net commission income grew steadily to 37.6% as at the end of September 2008.

The trading income at PLN 422.3 million at the end of September 2008 was up modestly (by 11.7%) year on year. The income included a high fx income (much higher than last year) and a loss on other trading transactions (compared to a positive income last year). This was driven by the declining market climate, in Q2 and Q3 2008, and the resulting higher credit spread, causing negative valuation of non-Treasury securities, and falling prices of securities and equities, affecting the performance of the portfolio of instruments.

Market prices of Treasury bonds fell due to rising interest rate hike expectations and strong supply of Treasury papers due to investment fund share redemptions and sales by foreign investors whose risk aversion grew. As a result of prevailing supply and low liquidity in the market, the prices of Treasury bonds fell sharply.

Meanwhile, the fx income grew significantly, by 34.7%, i.e. over PLN 112 million, which offset the falling income from the portfolios of securities.

Retail Banking reported the highest growth rate of the trading income at 63.3%; its contribution to the trading income of the Group grew to 30%, compared to 21% in 2007. In spite of a lower growth rate, the contribution of Corporates and Institutions remained the highest at 43%, compared to 40% in 2007. The contribution of Trading and Investments to the Group's trading income was lower than before, at 28% (40% in 2007). The growth in the Group's trading income was reported mainly by the Bank whose contribution was overwhelming at 94%.

The income from investment securities grew 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 high, especially 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 income in Q2 and Q3 was much lower, but its incremental income after Q3 was up by around PLN 39 million year on year.

Credit and loans impairment provisions were PLN 138.7 million at the end of September 2008, up by PLN 98 million year on year, both at the Bank and the subsidiaries. The Bank reported credit and loans impairment provisions in the amount of PLN 119.4 million at 30 September 2008, compared to PLN 29.4 million in the same period of 2007. However, it should be stressed that net provisions in 2007 were helped by high provisions released mainly in H1 2007.

Provisions of the Group grew by PLN 70.8 million in Q3 2008, including PLN 55.8 million at the Bank and PLN 15 million in the subsidiaries. As a result, the growth of the Bank's credit provisions in Q3 was ca. PLN 7.6 million higher than in Q2, mainly due to growing provisions of Retail Banking following a change of one of the parameters in the calculation of portfolio provisions (LIP Factor). Meanwhile, in Corporates and Financial Markets, the negative impact of the financial crisis reflected in higher provision costs was largely offset by the positive outcome of enforcement, credit repayment and released provisions; as a result, the growth of net provisions in Q3 was lower than in Q2 2008.

Overhead costs were up by 19.2%, i.e. PLN 148.9 million year on year in Q3 2008. The highest growth occurred in payroll costs category, up by PLN 91.3 million or 21%, mainly due to business expansion necessitating adequate headcount growth as well as created bonus provisions. Maintenance costs grew by 15.6%, i.e. PLN 49 million year on year. The growth in maintenance costs was mainly a result of the expansion of the branch network and the expansion of business operations including mBank and MultiBank branches.

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 512.5 million, i.e. 32.1%, of which PLN 374.8 million (23.5% growth) concerned the growth in overhead costs net of the one-off transaction.

Depreciation and amortisation costs were up by only 7.4% in this period.

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.

Retail Banking and Private Banking

Financial Results

The Retail Banking and Private Banking Line, which had grown the fastest in earlier periods, also grew fast in Q1-3 2008: its profit before tax was up by 39.7% and reached PLN 276.2 million compared to PLN 197.7 million in Q1-3 2007. The high profitability of the Line in 2008 was achieved in spite of a heavy cost of new retail branches, including transborder expansion, as well as higher credit provisions cost year on year.

The contribution of the Business Line to the Group's pre-tax profit remained stable at 26-28% in the past periods.

The Line's net interest income (up by 54.9%) and net commission income (up by 20.7%) grew the most in the entire Group in 2008. As a result, the Business Line's contribution to the Group's total net interest and commission income grew from 38.2% in 2007 to 44.3% in 2008.

The significant growth in profit was largely driven by the dynamic growth in the loans portfolio, mainly the portfolio of mortgage loans (up by 18%, i.e. PLN 2.48 billion quarter on quarter and up by 56%, i.e. PLN 5.84 billion year on year), 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 insurance products combined with mortgage loans (bancassurance) 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 38.5%, i.e. PLN 112.2 million, more than the Group's average growth but much less than the growth rate of the Line's income, up by PLN 252.1 million.

In Q3 2008, the continued high growth rate of income (up by 7.2% quarter on quarter) was much greater than the growth rate of costs (up by 2.6%). However, due to higher credit provisions, the profit before tax at PLN 101.4 million in Q3 was only ca. PLN 3 million more than in Q2 2008 (PLN 98.7 million).

The information below about mBank refers only to business in Poland.

Customers

BRE Bank's Retail Banking Line had 2,414.9 thousand customers at the end of September 2008 (including 1,951.8 thousand at mBank and 463.1 thousand at MultiBank). The number of customers grew by 376.9 thousand year to date (up by 18.5%; 323.2 thousand at mBank, 53.7 thousand at MultiBank).

The Bank had 291.8 thousand microenterprise customers (220.9 thousand at mBank, 70.9 thousand at MultiBank). The number of new microenterprise customers acquired year to date was 56.2 thousand (up by 23.9%; 47.6 thousand at mBank, 8.6 thousand at MultiBank).

Number of Accounts

The Retail Banking Line had 2,927.8 thousand accounts at 30 September 2008 (2,636.3 thousand at mBank, 291.5 thousand at MultiBank). The number of accounts grew by 502.9 thousand year to date (up by 20.7%; 464.3 thousand at mBank, 38.6 thousand at MultiBank).

There were 351.5 thousand microenterprise accounts (280.7 thousand at mBank, 70.8 thousand at MultiBank), up by 68.3 thousand year to date (up by 24.1%; 59.6 thousand at mBank, 8.7 thousand at MultiBank).

Deposits

BRE Bank Retail Banking deposits were PLN 14,022.2 million at the end of September 2008 (PLN 10,361.0 million at mBank, PLN 3,611.2 million at MultiBank), of which 9.7% were deposits of microenterprises (6.7% at mBank, 18.2% at MultiBank). The balance-sheet deposits grew by PLN 3,659.0 million year to date (up by 35.3%; PLN 2,730.9 million at mBank, PLN 928.1 million at MultiBank).

According to statistics at the end of August 2008, the market share of the BRE Bank Retail Banking Line deposits was 4.6%.

Investment Funds

Investment fund assets of BRE Bank retail customers were PLN 1,337.7 million at the end of September 2008 (PLN 1,061.2 million at mBank, PLN 276.5 million at MultiBank).

Investment fund assets decreased by PLN 1,096.7 million in January-September 2008 (down by 45.1%; PLN 794.9 million at mBank, PLN 301.8 million at MultiBank).

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The market share of the BRE Bank Retail Banking Line's investment funds was 1.5% at the end of September 2008.

Loans

Balance-sheet loans were PLN 19,064.3 million at the end of September 2008 (PLN 8,215.0 million at mBank, PLN 10,849.3 million at MultiBank). Loans were up by PLN 5,927.0 million year to date (up by 45.1%; PLN 2,816.2 million at mBank, PLN 3,110.8 million at MultiBank).

The BRE Bank Retail Banking Line's market share in retail loans was 5.8% at the end of August 2008.

All microenterprise loans were PLN 1,742.5 million at the end of September 2008 (PLN 358.8 million at mBank, PLN 1,383.7 million at MultiBank), of which 31.8% were mortgage loans (25.0% at mBank, 33.6% at MultiBank).

Structure of the Credit Portfolio:

- mBank: 82.2% mortgage loans, 5.4% credit lines, 4.0% credit cards, 8.4% other;

- MultiBank: 84.8% mortgage loans, 5.6% credit lines, 1.5% credit cards, 8.1% other.

Mortgage Loans to Retail Customers	*Total*	*PLN*	*FX*
Balance-sheet value (PLN B)	15.39	2.32	13.07
Average maturity (years)	23.56	20.76	24.03
Average value (PLN thou.)	198.87	209.72	197.06
Average LTV (%)	63.92%	55.69%	65.39%
NPL	0.34%	1.33%	0.16%

The Retail Banking Line balance-sheet mortgage loans were PLN 15,949.2 million at the end of September 2008 (PLN 6,751.1 million at mBank, PLN 9,198.1 million at MultiBank), including mortgage loans to retail customers at PLN 15,395.1 million (PLN 6,661.4 million at mBank, PLN 8,733.7 million at MultiBank). The balance-sheet mortgage loans were up by PLN 4,848.1 million in January-September 2008 (up by 43.7%; PLN 2,210.3 million at mBank, PLN 2,637.8 million at MultiBank).

Cards

The number of credit cards issued by the end of September 2008 was 341.9 thousand (222.4 thousand at mBank, 119.5 thousand at MultiBank). The number of credit cards grew by 91.2 thousand year to date (up by 36.4%; 60.3 thousand at mBank, 30.9 thousand at MultiBank).

The number of debit cards issued by the end of September 2008 was 1,848.9 thousand (1,427.3 thousand at mBank, 421.6 thousand at MultiBank). The number of debit cards grew by 394.2 thousand in January-September 2008 (up by 27.1%; 317.3 thousand at mBank, 76.9 thousand at MultiBank).

According to data at the end of September 2008, the market share of the BRE Bank Retail Banking Line in credit cards was 4.1% by the amount of debt under cards.

Expansion of the Distribution Network

mBank
mBank's distribution network had 144 locations (65 mKiosks, 16 Financial Centres, 63 Partner mKiosks).

MultiBank
MultiBank's distribution network had 130 outlets (79 Financial Services Centres and 51 Partner Outlets including 47 Branches of the Future, both Financial Services Centres and Partner Outlets).

Corporations and Financial Markets

Financial Results

The business segment which covers relations with corporate customers generated a profit before tax of PLN 605.9 million in Q1-3 2008 (including PLN 137.7 million in a one-off transaction in Q1 2008), up by 34.9%, i.e. PLN 156.8 million. The contribution of Corporates and Financial Markets to the Group's profit including the one-off transaction was 61.8%. Nearly all profit components improved year on year but the core business grew the most.

The results of the Line in 2008 were driven by ongoing positive sales trends and improving productivity on the one hand, and a deteriorating climate on the securities market and higher cost of credit provisions on the other hand.

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The profitability of the Line in Q1-3 2008 was determined by the growing contribution of the core business, a one-off capital transaction closed in Q1 2008, a growing cost of risk, and a weaker climate on the money and capital market. As a result, the profit before tax was up by around PLN 50 million quarter on quarter in Q3.

The assets of the Line were up by 17.3% from PLN 41.3 billion to PLN 48.4 billion while the liabilities were up by 14.1% from PLN 39.6 billion to PLN 45.2 billion. The growth of business was mainly reflected in the high net interest income (PLN 551.7 million) and net commission income (PLN 259.4 million). Positive trends in financial and fx markets enabled an equally high fx income (PLN 308.8 million) driven, among others, by customers' very active trading on the fx market and an effective hedging strategy pursued by BRE Bank.

The contribution of Corporates and Financial Markets subsidiaries to the Line's profit remained high at ca. 30% (net of one-off transactions). The largest contributions again came from BRE Leasing Sp. z o.o., BRE Bank Hipoteczny S.A., DI BRE, and Intermarket Bank AG.

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

Corporates and Institutions

Financial Results

The profit before tax at PLN 385.2 million generated in Q1-3 2008 was up by 10.1% or PLN 35.2 million year on year, mainly thanks to a higher income on the core business (up by PLN 32 million), in spite of a much higher credit risk charge.

Particularly high year-on-year growth was reported for the net interest income (up by PLN 82.6 million) due to strong growth in both lending and deposits. In addition, the growth in costs (3.8%) was much lower, helping the productivity of business.

The contribution of Corporates and Institutions to the profit before tax of Corporations and Financial Markets remained high at 63.6% including a one-off transaction and 82.3% excluding the one-off transaction, compared to 77.9% last year, as a result of a growing share of regular customer transactions in the Line's results.

The growth rate of the segment's profit in Q3 2008 was ca. PLN 30 million higher than in Q2, mainly due to a higher net interest income and trading income and lower overhead costs.

Number of Corporate Customers

The Bank's very active customer acquisition produced positive results in Q1-3 2008. BRE Bank acquired 1,813 new corporate customers year to date, of which 75% were K3 customers and 21% were K2 customers. The number of corporate customers amounted to 12,846 companies as at the end of September 2008, up by 561 companies year to date.

Corporate Banking Customers

	31.12.2006	*31.12.2007*	*30.09.2008*	*Change*
*K1**	969	963	946	-17
*K2**	3 470	3 721	3 853	+132
*K3**	7 003	7 601	8 047	+446
Total	11 442	12 285	12 846	+561

** 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 million and 30 million.*

Corporate Customers Deposits

BRE Bank's corporate customers' deposits (including deposits of enterprises) were PLN 18.0 billion at the end of September 2008, down by PLN 1.7 billion year to date.

Deposits of enterprises were PLN 14.2 billion at the end of September 2008, up by 6.8% year to date and up by 11.8% year on year. The market's total deposits of enterprises were down by 1.3% year to date and up by 6.6% year on year. The market share of BRE Bank's corporate deposits was 10.0%, compared to 9.3% in December 2007 and 9.6% at the end of September 2007.

Corporate Customers Loans

BRE Bank's loans granted to corporate customers (including enterprises) were PLN 14.6 billion at the end of September 2008, up by close to PLN 1.9 billion year to date.

Loans to enterprises were PLN 13.7 billion, up by 19.1% year to date. The market's total loans to enterprises were up by 20.2% in this period. The market share of BRE Bank's loans granted to enterprises was 6.4% at the end of September 2008, compared to 6.5% at the end of 2007 and 6.4% at the end of September 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 Q1-3 2008 was 1,775 thousand, up by 33.5% year on year. The number of *identifications of trade payments* grew dynamically: in January-September 2008, there were over 4.7 million transactions, up by 53.4% year on year. The number of customers using bank account consolidation facilities grew by 24.8% year to date.

Banking Products with EU Financing

The sales of loans and guarantees related to EU financing were up by 15.4% year on year in Q1-3 2008.

Trade Finance

The trade finance service position and the introduction of innovative product solutions helped to grow the income from trade finance transactions and service to PLN 50.0 million in Q1-3 2008 (up by 15.3% year on year).

Financial Instruments

The profit on the sales of financial instruments to corporate customers was over PLN 164 million in Q1-3 2008, up by 28.9% year on year.

Subsidiaries

BRE Leasing

Leasing contracts executed by BRE Leasing in Q3 2008 totalled PLN 636 million (up by 8.7% year on year and down by 38.0% quarter on quarter). The decrease in BRE Leasing sales in Q3 2008 reflects the situation in the leasing sector in the period. Leasing contracts executed by the company in 2008 totalled PLN 2,466 million, up by 12.1% year on year. BRE Leasing generated PLN 33.3 million pre-tax profit in Q1-3 2008.

Factoring – The Intermarket Group

The sales of the Intermarket Group companies amounted to EUR 4.5 billion in Q1-3 2008, up by 8.7% year on year. The pre-tax profit of the companies of the Intermarket Group consolidated by BRE Bank was PLN 39.7 million (up by 5.0% YoY). The Polish company Polfactor's sales were PLN 2.6 billion. Its pre-tax profit was PLN 9.8 million in Q1-3 2008 (up by 10.6% YoY).

Dom Inwestycyjny BRE Banku (DI BRE)

Dom Inwestycyjny BRE Banku generated nearly PLN 20 million of profit before tax after Q3 2008. The figure corresponds to annualised ROE at 75% p.a.

DI BRE's remains market leader in the options market with the market share of ca. 28%. At the end of Q3 2008, the company ranked second among the most active brokers on the future-contracts market with a share of 11.4%. DI BRE retained its high share in stocks trading. In three quarters of 2008 DI BRE concluded 5.4% of all transactions on the stock market.

The slide in equity trading was caused by the significant decrease of market activities of retail clients and dynamic increase of activities from remote members of the Warsaw Stock Exchange (WSE) - nearly 11% in Q3 2008. DI BRE does not run proprietary trading on the secondary market (dealing). Regardless of the negative trends, the share of trading for institutional clients in the overall WSE turnover follows an upward trend, which is crucial to stability of brokerage business.

The highly negative market conditions did not prevent DI BRE from successfully completing three primary market transactions (Optopol SA: PLN 66 million, Unibep SA: PLN 71 million, Komputronik: PLN 24.6 million) of a total value nearly PLN 162 million.

BRE Corporate Finance

As a result of the current downturn on both the US and European financial markets, also in Poland fewer companies are interested in public market as a way of raising capital. A number of companies, which were initially planning to obtain financing through the stock exchange, have suspended their initial public offerings and the decision making processes regarding final dates for the debuts have been put off until 2009. A difficult situation on financial markets had a negative impact on non-public transactions market as well. This is a result of lower valuations of companies searching for an investor, as well as increasing difficulties in arranging financing for investment projects. 4Q projections remain equally adverse. Considering the above, the company has undertaken a number of activities in order to acquire projects in the field of corporate finance strategic advisory, which provide a stable source of revenue although the level of such income is considerably lower in comparison to transaction advisory projects.

In 3Q 2008 BRE CF acted as an advisor in one public market transaction - on the 30 September 2008 shares of Centrozap SA shares returned to public trading. BRE CF was responsible for the preparation of issue prospectus for this transaction.

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

BBH's total balance-sheet and off-balance-sheet loans portfolio was PLN 4.82 billion at the end of Q3 2008, up by 24.3% year on year. The assets increased by 29.6% reaching PLN 4.1 billion, whereas profit before tax was PLN 38.2 million (compared to PLN 28.0 million in Q3 2007). ROE ratio equaled to 18.9% in Q3 2008 in comparison to 15.1% year on year. C/I ratio decreased from 45.0% in Q3 2007 to 41.2% in Q3 2008.

Within three quarters of 2008 the Bank issued covered bonds totalling PLN 750 million (including PLN 650 million in mortgage covered bonds and PLN 100 million in public sector covered bonds).

Trading and Investments

Financial Results

The business area generated a profit before tax of PLN 220.7 million in Q1-3 2008 (including PLN 137.7 million on the one-off transaction of sale of Vectra SA), compared to PLN 99.1 million in Q1-3 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.

In Q3 2008, the net interest income and the fx income were higher than in the previous periods. At the same time, like in Q2 2008, a loss was reported on other trading transactions due to the above-mentioned deterioration of market conditions. However, the profit before tax generated in Q3 was close to PLN 34 million, up by ca. PLN 20 million quarter on quarter.

Market Position

BRE Bank had the first position in the market of medium-term bank debt securities with a market share of 30% and the second position in the market of medium-term corporate bonds and third position in the market of short-term commercial papers with a market share of 19% and 16%, respectively (as of the end of September 2008).

The Bank has maintained its active presence on the financial markets, with a market share of ca. 24% in interest rate derivative instruments and ca. 16% in trading in Treasury bills and bonds. Its share in fx transactions (spot and forward) was ca. 5.7 % while its share in WIG20 index options was ca. 16% (as of the end of August 2008).

Treasury

The Treasury Department conducts the Asset-Liability Management and the money market operations of the Bank. It also 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 Q3 2008 exceeded PLN 6 billion.

Proprietary Investments Portfolio

At the end of Q3 2008, the proprietary investments portfolio managed by DFI amounted to PLN 302 million at acquisition cost. Compared to the end of 2007, the value of the portfolio at acquisition cost was down by PLN 132 million, following the Bank's sale of shares of Vectra SA (PLN 125 million), the redemption of mezzanine finance instruments and the increase of the share capital of Garbary Sp. z o.o. The result on the sale of Vectra's shares, after accounting for additional costs, closed at the level of PLN 137.7 million gross and net. Compared to the end of Q2 2008, the value of portfolio at cost remained at the same level.

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 mainly the result of the merger of the subsidiary PTE Skarbiec-Emerytura with Aegon PTE. The merger was carried out pursuant to Article 492.1.1 of the Code of Commercial Partnerships and Companies by means of transferring all assets of the acquired company PTE Skarbiec-Emerytura S.A. to the acquiring company Aegon PTE SA in exchange for a transfer of Aegon PTE shares to BRE Bank, the shareholder of PTE Skarbiec-Emerytura.

The profit of this business segment in 2007 mainly included 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 of PLN 62.7 million in 2008, which was less than in 2007 (PLN 90 million).

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 Q3 2008, the same as in Q2 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 Q3 2008 (and Q2 2008), down from 2.2% at the end of 2007 and 4.4% at the end of 2006.

The main driver of stable quality of the credit risk portfolio in Q3 was significant growth in the loans portfolio, especially in the Bank's retail business.

In spite of new default exposures, the nominal value of the default portfolio grew notionally (from PLN 695 million in Q2 to PLN 733 million at the end of Q3 2008) as a result of successful restructuring and enforcement as well as repayment of default loans.

The ratio of provisions to default credit exposure fell to 68.1% in Q3 2008 from 68.3% at the end of Q2 2008 and 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% (end of 2007) to 75.1% (Q2 2008) to 71.6%. The main reason for the decrease in the ratio is a positive estimation of repayment of new default exposures.

As the credit risk portfolio grew significantly, the impaired but not reported loss (IBNR) reserve for the non-default portfolio grew and was PLN 182 million at the end of Q3 2008, compared to PLN 166 million at the end of Q2 2008 and PLN 152 million at the end of 2007.

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Consolidated Income Statement

	Note	IIIrd Quarter (current year) from 01.07.2008 to 30.09.2008	III Quarters cumulative (current year) from 01.01.2008 to 30.09.2008	IIIrd Quarter (previous year) from 01.07.2007 to 30.09.2007	III Quarters cumulative (previous year) from 01.01.2007 to 30.09.2007
Continued operations					
Interest income		953 697	2 550 561	630 014	1 669 015
Interest expense		(589 737)	(1 544 360)	(362 244)	(932 315)
Net interest income	5	**363 960**	**1 006 201**	**267 770**	**736 700**
Fee and commission income		225 017	657 918	191 629	577 704
Fee and commission expense		(77 802)	(205 254)	(52 625)	(149 212)
Net fee and commission income	6	**147 215**	**452 664**	**139 004**	**428 492**
Dividend income	7	10	3 743	78	2 237
Net trading income, including:	8	167 880	422 347	119 798	378 080
Foreign exchange result		*175 390*	*435 851*	*115 128*	*323 571*
Other trading income		*(7 510)*	*(13 504)*	*4 670*	*54 509*
Gains less losses from investment securities	9	97	137 914	(3 249)	3 912
Other operating income	10	28 885	205 877	35 449	112 377
Impairment losses on loans and advances	11	(70 808)	(138 676)	(34 792)	(40 658)
Overhead costs	12	(309 427)	(923 054)	(252 202)	(774 121)
Amortization and depreciation		(51 090)	(144 822)	(46 550)	(134 894)
Other operating expenses	13	(16 528)	(119 907)	(15 077)	(65 490)
Operating profit		**260 194**	**902 287**	**210 229**	**646 635**
Share of profit (loss) of associates		-	-	-	-
Profit before income tax from continued operations		**260 194**	**902 287**	**210 229**	**646 635**
Income tax expense		(52 182)	(106 430)	(46 577)	(137 526)
Net profit from continued operations including minority interest		**208 012**	**795 857**	**163 652**	**509 109**
Discontinued operations	19				
Profit before income tax from discontinued operations		**-**	**78 908**	**8 999**	**103 198**
Income tax expense		-	(2 336)	(1 196)	(21 233)
Net profit from discontinued operations including minority interest		**-**	**76 572**	**7 803**	**81 965**
Net profit from continued and discontinued operations including minority interest, of which:		**208 012**	**872 429**	**171 455**	**591 074**
Net profit attributable to minority interest		5 520	29 612	7 205	22 958
Net profit		**202 492**	**842 817**	**164 250**	**568 116**
Net profit from continued operations attributable to the Bank's equity holders			**766 245**		**486 151**
Weighted average number of ordinary shares	14		**29 677 096**		**29 557 511**
Earnings on continued operations per 1 ordinary share (in PLN)	14		**25.82**		**16.45**
Weighted average number of ordinary shares for diluted earnings	14		**29 686 312**		**29 632 671**
Diluted earnings on continued operations per 1 ordinary share (in PLN)	14		**25.81**		**16.41**

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Consolidated Balance Sheet

	Note	30.09.2008	31.12.2007	30.09.2007
ASSETS				
Cash and balances with the Central Bank		1 143 209	2 003 535	1 698 483
Debt securities eligible for rediscounting at the Central Bank		17 377	23 259	27 670
Loans and advances to banks		6 957 057	2 089 936	4 684 071
Trading securities	15	4 168 661	4 257 982	2 787 928
Derivative financial instruments		1 756 862	2 272 638	1 641 790
Loans and advances to customers	16	43 427 592	33 682 665	31 632 032
Investment securities	17	4 569 375	6 386 574	4 321 967
- Available for sale		4 569 375	6 386 574	4 321 967
Non-current assets held for sale	19	416 150	336 078	328 690
Pledged assets	15, 17	2 828 170	2 812 277	2 682 641
Investments in associates		13 892	4 823	5 087
Intangible assets		430 175	404 967	373 991
Tangible fixed assets		745 919	670 213	605 725
Deferred income tax assets		283 153	116 290	96 959
Other assets		965 644	880 663	872 613
Total assets		**67 723 236**	**55 941 900**	**51 759 647**
EQUITY AND LIABILITIES				
Amounts due to other banks		17 935 202	12 245 867	11 900 824
Derivative financial instruments and other trading liabilities		2 025 092	2 164 214	1 592 013
Amounts due to customers	18	38 123 174	32 401 863	29 020 215
Debt securities in issue		2 163 375	2 928 414	3 414 533
Subordinated liabilities		2 057 959	1 661 785	1 476 726
Other liabilities		956 398	879 975	849 840
Current income tax liabilities		217 466	134 234	107 435
Deferred income tax liabilities		426	455	30 218
Provisions		91 522	71 227	71 274
Liabilities held for sale	19	-	12 543	9 830
Total liabilities		**63 570 614**	**52 500 577**	**48 472 908**
Equity				
Capital and reserves attributable to the Bank's equity holders		**4 014 731**	**3 324 511**	**3 181 932**
Share capital:		**1 521 683**	**1 517 432**	**1 510 959**
- Registered share capital		118 764	118 643	118 460
- Share premium		1 402 919	1 398 789	1 392 499
Revaluation reserve		**(83 072)**	**74 204**	**77 998**
Retained earnings:		**2 576 120**	**1 732 875**	**1 592 975**
- Profit from the previous years		1 733 303	1 022 781	1 024 859
- Profit for the current year		842 817	710 094	568 116
Minority interest		**137 891**	**116 812**	**104 807**
Total equity		**4 152 622**	**3 441 323**	**3 286 739**
Total equity and liabilities		**67 723 236**	**55 941 900**	**51 759 647**
Capital adequacy ratio		**10.51**	**10.16**	**10.26**
Book value		**4 014 731**	**3 324 511**	**3 181 932**
Number of shares		**29 690 882**	**29 660 668**	**29 614 972**
Book value per share (in PLN)		**135.22**	**112.08**	**107.44**
Diluted number of shares		**29 700 098**	**29 690 132**	**29 690 132**
Diluted book value per share		**135.18**	**111.97**	**107.17**

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Consolidated Statements of Changes in Equity

Changes in equity from 1 January 2008 to 30 September 2008

	Share capital		Revaluation reserve	Retained earnings					Minority interest	Total equity
	Registered share capital	Share premium		Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year		
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	-	-	(153 519)	-	-	-	-	-	-	(153 519)
Currency translation differences	-	-	(3 757)	-	-	-	-	-	(1 715)	(5 472)
Net profit / (loss) not recognised in the income statement	**-**	**-**	**(157 276)**	**-**	**-**	**-**	**-**	**-**	**(1 715)**	**(158 991)**
Net profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**842 817**	**29 612**	**872 429**
Total profit recognised in the current year	**-**	**-**	**(157 276)**	**-**	**-**	**-**	**-**	**842 817**	**27 897**	**713 438**
Dividends paid	-	-	-	-	-	-	-	-	(12 418)	(12 418)
Transfer to General Banking Risk Fund	-	-	-	-	-	54 200	(54 200)	-	-	-
Transfer to reserve capital	-	-	-	-	8 607	-	(8 607)	-	-	-
Transfer to supplementary capital	-	-	-	653 888	-	-	(653 888)	-	-	-
Loss coverage with supplementary capital	-	-	-	(2 731)	-	-	2 731	-	-	-
Issue of shares	121	2 784	-	-	-	-	-	-	-	2 905
Additional shareholder payments	-	-	-	-	-	-	-	-	2	2
Other changes	-	-	-	-	-	-	(5 598)	-	5 598	-
Stock option program for employees	-	1 346	-	-	6 026	-	-	-	-	7 372
- value of services provided by the employees	-	-	-	-	*7 372*	-	-	-	-	*7 372*
- settlement of exercised options	-	*1 346*	-	-	*(1 346)*	-	-	-	-	-
Equity as at 30 September 2008	**118 764**	**1 402 919**	**(83 072)**	**973 419**	**36 921**	**613 310**	**109 653**	**842 817**	**137 891**	**4 152 622**

Changes in equity from 1 January 2007 to 31 December 2007

	Share capital		Revaluation reserve	Retained earnings					Minority interest	Total equity
	Registered share capital	Share premium		Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year		
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 third quarter of 2008 PLN (000's)

Changes in equity from 1 January 2007 to 30 September 2007

	Share capital		Revaluation reserve	Retained earnings					Minority interest	Total equity
	Registered share capital	Share premium		Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year		
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	-	-	74 522	-	-	-	-	-	-	74 522
Currency translation differences	-	-	(1 634)	-	-	-	-	-	(788)	(2 422)
Net profit / (loss) not recognised in the income statement	**-**	**-**	**72 888**	**-**	**-**	**-**	**-**	**-**	**(788)**	**72 100**
Net profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**568 116**	**22 958**	**591 074**
Total profit recognised in the current year	**-**	**-**	**72 888**	**-**	**-**	**-**	**-**	**568 116**	**22 170**	**663 174**
Dividends paid	-	-	-	-	-	-	-	-	(6 379)	(6 379)
Transfer to reserve capital	-	-	-	-	7 759	1 110	(8 869)	-	-	-
Transfer to supplementary capital	-	-	-	312 816	-	-	(312 816)	-	-	-
Issue of shares	396	9 118	-	-	-	-	-	-	-	9 514
Other changes	-	-	-	-	-	-	-	-	(2 417)	(2 417)
Stock option program for employees	-	4 499	-	-	(3 851)	-	-	-	-	648
- value of services provided by the employees	-	-	-	-	*648*	-	-	-	-	*648*
- settlement of exercised options	-	*4 499*	-	-	*(4 499)*	-	-	-	-	-
Equity as at 30 September 2007	**118 460**	**1 392 499**	**77 998**	**322 267**	**24 807**	**559 110**	**118 675**	**568 116**	**104 807**	**3 286 739**

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

Consolidated Cash Flow Statement

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
A. Cash flow from operating activities	**(3 046 398)**	**(3 110 256)**
Profit before income tax	**981 195**	**749 833**
Adjustments:	***(4 027 593)***	***(3 860 089)***
Income taxes paid (negative amount)	(165 506)	(61 744)
Amortisation	145 067	135 217
Foreign exchange (gains) losses	19 259	(54 279)
(Gains) losses on investing activities	(213 037)	(88 433)
Dividends received	(3 754)	(2 237)
Interest paid	1 189 581	794 745
Change in loans and advances to banks	(67 265)	(639 564)
Change in trading securities	(1 452 232)	1 052 135
Change in derivative financial instruments	515 776	(228 725)
Change in loans and advances to customers	(9 744 927)	(8 587 338)
Change in investment securities	1 538 514	(1 238 918)
Change in other assets	(137 886)	(248 530)
Change in amounts due to other banks	138 041	1 469 009
Change in other trading liabilities	(139 122)	338 113
Change in amounts due to customers	4 432 675	3 833 279
Change in debt securities in issue	(186 867)	(406 267)
Change in provisions	20 295	2 654
Change in other liabilities	83 795	70 794
Net cash from operating activities	**(3 046 398)**	**(3 110 256)**
B.Cash flows from investing activities	**17 067**	**(8 559)**
Investing activity inflows	**278 231**	**181 700**
Disposal of shares in subsidiaries, net of cash disposed	-	174 928
Disposal of intangible assets and tangible fixed assets	8 592	4 535
Other investing inflows	269 639	2 237
Investing activity outflows	**261 164**	**190 259**
Acquisition of shares or stocks in subsidiaries, net of cash acquired	-	26 353
Purchase of intangible assets and tangible fixed assets	261 164	156 290
Other investing outflows	-	7 616
Net cash used in investing activities	**17 067**	**(8 559)**
C. Cash flows from financing activities	**5 461 981**	**2 627 092**
Financing activity inflows	**13 271 001**	**9 505 632**
Proceeds from loans and advances from other banks	8 660 079	3 825 459
Proceeds from other loans and advances	400 662	258
Issue of debt securities	3 460 503	4 701 961
Increase of subordinated liabilities	746 852	968 440
Issue of ordinary shares	2 905	9 514
Financing activity outflows	**7 809 020**	**6 878 540**
Repayments of loans and advances from other banks	3 093 379	1 363 407
Repayments of other loans and advances	24 809	14 366
Redemption of debt securities	4 038 675	4 270 720
Decrease of subordinated liabilities	359 500	967 075
Dividends and other payments to shareholders	12 266	10 088
Other financing outflows	280 391	252 884
Net cash from financing activities	**5 461 981**	**2 627 092**
Net increase / decrease in cash and cash equivalents (A+B+C)	**2 432 650**	**(491 723)**
Increase / decrease in cash and cash equivalents in respect of foreign exchange gains and losses	(24 662)	(26 834)
Cash and cash equivalents at the beginning of the reporting period	7 516 362	9 082 846
Cash and cash equivalents at the end of the reporting period	**9 924 350**	**8 564 289**

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

BRE Bank SA Stand-Alone Financial Statements

1. Income Statement

	IIIrd Quarter (current year) from 01.07.2008 to 30.09.2008	III Quarters cumulative (current year) from 01.01.2008 to 30.09.2008	IIIrd Quarter (previous year) from 01.07.2007 to 30.09.2007	III Quarters cumulative (previous year) from 01.01.2007 to 30.09.2007
Interest income	775 347	2 055 569	498 655	1 317 268
Interest expense	(476 037)	(1 242 715)	(293 431)	(755 368)
Net interest income	**299 310**	**812 854**	**205 224**	**561 900**
Fee and commission income	186 683	528 162	143 192	415 420
Fee and commission expense	(76 270)	(196 667)	(45 230)	(124 211)
Net fee and commission income	**110 413**	**331 495**	**97 962**	**291 209**
Dividend income	-	62 995	78	37 636
Net trading income	155 545	398 424	116 201	366 814
Foreign exchange result	*163 810*	*415 030*	*111 624*	*318 080*
Other trading income	*(8 265)*	*(16 606)*	*4 577*	*48 734*
Gains less losses from investment securities	97	264 434	(3 249)	132 538
Other operating income	6 044	27 737	13 959	32 508
Impairment losses on loans and advances	(55 829)	(119 444)	(29 609)	(29 446)
Overhead costs	(247 660)	(731 371)	(199 897)	(602 844)
Amortization and depreciation	(39 815)	(113 881)	(36 999)	(107 538)
Other operating expenses	(4 475)	(13 887)	(1 880)	(11 069)
Operating profit	**223 630**	**919 356**	**161 790**	**671 708**
Profit before income tax	**223 630**	**919 356**	**161 790**	**671 708**
Income tax expense	(43 550)	(79 204)	(34 362)	(122 056)
Net profit	**180 080**	**840 152**	**127 428**	**549 652**

Net profit		**840 152**		**549 652**
Weighted average number of ordinary shares		**29 677 096**		**29 557 511**
Earnings per 1 ordinary share (in PLN)		**28.31**		**18.60**
Weighted average number of ordinary shares for diluted earnings		**29 686 312**		**29 632 671**
Diluted earnings per 1 ordinary share (in PLN)		**28.30**		**18.55**

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

2. Balance Sheet

as at	30.09.2008	31.12.2007	30.09.2007
ASSETS			
Cash and balances with the Central Bank	1 137 552	1 998 380	1 662 933
Debt securities eligible for rediscounting at the Central Bank	17 377	23 259	27 670
Loans and advances to banks	7 069 461	2 166 310	4 762 946
Trading securities	4 668 279	4 575 320	3 120 648
Derivative financial instruments	1 757 100	2 263 845	1 649 646
Loans and advances to customers	34 449 405	26 378 887	24 643 282
Investment securities	4 458 986	6 226 318	4 242 119
- Available for sale	4 458 986	6 226 318	4 242 119
Non-current assets held for sale	468 039	335 819	335 819
Pledged assets	2 827 321	2 812 277	2 681 842
Investments in subsidiaries	446 877	449 098	443 199
Intangible assets	402 176	379 504	350 125
Tangible fixed assets	548 595	532 175	469 943
Deferred income tax assets	134 471	2 824	-
Other assets	307 253	224 721	245 912
Total assets	**58 692 892**	**48 368 737**	**44 636 084**
EQUITY AND LIABILITIES			
Amounts due to other banks	12 157 380	7 931 827	7 741 599
Derivative financial instruments and other trading liabilities	2 042 445	2 181 420	1 613 524
Amounts due to customers	37 667 198	32 734 316	30 143 858
Debt securities in issue	23 163	36 810	36 679
Subordinated liabilities	2 057 959	1 661 785	1 476 726
Other liabilities	669 508	552 894	436 636
Current income tax liabilities	211 645	120 659	99 447
Provisions for deferred income tax	65	62	29 435
Provisions	88 787	68 831	68 910
Total liabilities	**54 918 150**	**45 288 604**	**41 646 814**
Equity			
Share capital	**1 521 683**	**1 517 432**	**1 510 959**
- Registered share capital	118 764	118 643	118 460
- Share premium	1 402 919	1 398 789	1 392 499
Revaluation reserve	**(76 588)**	**79 231**	**80 342**
Retained earnings:	**2 329 647**	**1 483 470**	**1 397 969**
- Profit for the previous year	1 489 495	846 239	848 317
- Net profit for the current year	840 152	637 231	549 652
Total equity	**3 774 742**	**3 080 133**	**2 989 270**
Total equity and liabilities	**58 692 892**	**48 368 737**	**44 636 084**
Capital adequacy ratio	**11.12**	**10.65**	**11.02**
Book value	**3 774 742**	**3 080 133**	**2 989 270**
Number of shares	**29 690 882**	**29 660 668**	**29 614 972**
Book value per share (in PLN)	**127.13**	**103.85**	**100.94**
Diluted number of shares	**29 700 098**	**29 690 132**	**29 690 132**
Diluted book value per share	**127.10**	**103.74**	**100.68**

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

3. Statements of Changes in Equity

Changes in equity from 1 January 2008 to 30 September 2008

	Share capital		Revaluation reserve	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	-	-	(153 561)	-	-	-	-	-	(153 561)
Currency translation differences	-	-	(2 258)	-	-	-	-	-	(2 258)
Net profit not recognised in income statement	**-**	**-**	**(155 819)**	**-**	**-**	**-**	**-**	**-**	**(155 819)**
Net profit (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**840 152**	**840 152**
Total profit recognised in the current year	**-**	**-**	**(155 819)**	**-**	**-**	**-**	**-**	**840 152**	**684 333**
Transfer to General Banking Risk Fund	-	-	-	-	-	50 000	(50 000)	-	-
Transfer to supplementary capital	-	-	-	587 231	-	-	(587 231)	-	-
Issue of shares	121	2 784	-	-	-	-	-	-	2 905
Other changes	-	-	-	(1)	-	-	-	-	(1)
Stock option program for employees	-	1 346	-	-	6 026	-	-	-	7 372
- value of services provided by the employees	-	-	-	-	*7 372*	-	-	-	*7 372*
- settlement of exercised options	-	*1 346*	-	-	*(1 346)*	-	-	-	-
Equity as at 30 September 2008	**118 764**	**1 402 919**	**(76 588)**	**874 123**	**7 372**	**608 000**	**-**	**840 152**	**3 774 742**

Changes in equity from 1 January 2007 to 31 December 2007

	Share capital		Revaluation reserve	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 30 September 2007

	Share capital		Revaluation reserve	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	-	-	77 243	-	-	-	-	-	77 243
Currency translation differences	-	-	(860)	-	-	-	-	-	(860)
Net profit not recognised in income statement	**-**	**-**	**76 383**	**-**	**-**	**-**	**-**	**-**	**76 383**
Net profit (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**549 652**	**549 652**
Total profit recognised in the current year	**-**	**-**	**76 383**	**-**	**-**	**-**	**-**	**549 652**	**626 035**
Transfer to supplementary capital	-	-	-	274 505	-	-	(274 505)	-	-
Issue of shares	396	9 118	-	-	-	-	-	-	9 514
Stock option program for employees	-	4 499	-	-	(3 851)	-	-	-	648
- value of services provided by the employees	-	-	-	-	*648*	-	-	-	*648*
- settlement of exercised options	-	*4 499*	-	-	*(4 499)*	-	-	-	-
Equity as at 30 September 2007	**118 460**	**1 392 499**	**80 342**	**286 893**	**3 424**	**558 000**	**-**	**549 652**	**2 989 270**

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

4. Cash Flow Statement

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
A. Cash flow from operating activities	**(2 066 714)**	**(1 792 659)**
Profit before income tax	**919 356**	**671 708**
Adjustments:	***(2 986 070)***	***(2 464 367)***
Income taxes paid (negative amount)	(118 445)	(13 749)
Amortisation	113 881	107 538
Foreign exchange gains (losses)	21 539	(58 433)
(Gains) losses on investing activities	(276 324)	(93 474)
Impairment of financial assets	11 020	-
Dividends received	(61 111)	(37 113)
Interest paid	1 187 890	743 916
Change in loans and advances to banks	(78 168)	(626 608)
Change in trading securities	(1 633 663)	768 615
Change in derivative financial instruments	506 745	(238 616)
Change in loans and advances to customers	(8 070 518)	(6 953 526)
Change in investment securities	1 475 505	(1 216 384)
Change in other assets	(70 009)	(43 061)
Change in amounts due to other banks	398 723	1 246 528
Change in financial instruments and other trading liabilities	(138 975)	345 699
Change in amounts due to customers	3 594 598	3 622 943
Change in debt securities in issue	553	464
Change in provisions	19 956	1 536
Change in other liabilities	130 733	(20 642)
Net cash from operating activities	**(2 066 714)**	**(1 792 659)**
B.Cash flows from investing activities	**167 259**	**79 695**
Investing activity inflows	**325 356**	**213 470**
Disposal of shares or stocks in subsidiaries	-	173 504
Disposal of intangible assets and tangible fixed assets	211	2 853
Other investing inflows	325 145	37 113
Investing activity outflows	**158 097**	**133 775**
Acquisition of shares or stocks in subsidiaries	5	29 053
Purchase of intangible assets and tangible fixed assets	158 092	104 722
Net cash used in investing activities	**167 259**	**79 695**
C. Cash flows from financing activities	**4 358 940**	**1 175 325**
Financing activity inflows	**7 163 854**	**2 410 312**
Proceeds from loans and advances from other banks	6 023 660	1 432 358
Proceeds from other loans and advances	390 437	-
Increase of subordinated liabilities	746 852	968 440
Issue of ordinary shares	2 905	9 514
Financing activity outflows	**2 804 914**	**1 234 987**
Repayments of loans and advances from other banks	2 181 424	120 950
Repayments of other loans and advances	-	14 366
Redemption of debt securities	14 200	-
Decrease of subordinated liabilities	359 500	967 075
Payments of financial lease liabilities	6 747	-
Other financing outflows	243 043	132 596
Net cash from financing activities	**4 358 940**	**1 175 325**
Net increase / decrease in cash and cash equivalents (A+B+C)	**2 459 485**	**(537 639)**
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	(26 872)	(26 834)
Cash and cash equivalents at the beginning of the reporting period	7 508 153	8 951 008
Cash and cash equivalents at the end of the reporting period	**9 940 766**	**8 386 535**

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 BRE Bank SA (the "Bank") of the following nature:

- strategic: shares and equity interests in companies supporting the different particular business lines of BRE Bank SA (corporates and financial markets line, retail banking line, asset management line) 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 30 September 2008, the BRE Bank SA Group covered by the Consolidated Financial Statements comprised the following companies:

BRE Bank SA; the parent entity

Bank Rozwoju Eksportu SA (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 Economic Ragistration 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 three quarters of 2008 was: in BRE Bank SA 5 217 persons and in the Group 6 808 persons (three quarters of 2007: BRE Bank 4 262, the Group 5 725).

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)

- Aegon PTE SA, associate

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.

PTE Skarbiec-Emerytura SA

On 30 June 2008 PTE Skarbiec-Emerytura SA and Aegon PTE SA were merged together.

Prior to the merger the Bank held 8 516 181 shares of PTE Skarbiec-Emerytura SA, which constituted 100% of the share capital and voting rights at the General Meeting of the company.

Detailed data concerning the merger as well as assets held for sale and discontinued operations were presented under 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 BRE Bank SA Group have been prepared for the 9 - month period ended 30 September 2008.

These Consolidated Financial Statements of BRE Bank SA 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 and Loss Account as well as all derivative contracts.

Since 1 January 2007 the Group has applied the provisions of International Financial Reporting Standard 7, Financial Instruments: Disclosures, which has been binding as from the 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 and in the Consolidated Financial Statements for the first half of 2008.

The drafting of the financial statements in compliance with IFRS requires the application of specific accounting estimates. It also requires the Management Board 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 the 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 the companies of the Group 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 settled using the equity method of accounting and they are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on the acquisition date (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 proportionally 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.

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

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

Company	Share in 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
Tele-Tech Investment Sp. z o.o.	100%	full
BRE Finance France SA	99.98%	full
BRE.locum SA	79.99%	full
Polfactor SA	78.12%	full
Magyar Factor zRt.	78.12%	full
Transfinance a.s.	78.11%	full
Intermarket Bank AG	56.24%	full
BRE Leasing Sp. z o.o.	50.004%	full
Aegon PTE SA*	49.67%	non-current assets held for sale

* In relation to the transaction of merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA of 30 June 2008, the share of the Group in the net assets of Aegon PTE SA was recognized in the consolidated Balance Sheet as at 30 September 2008. The shares of Aegon PTE SA were classified as assets held for sale and they were valued at the carrying value being lower than the fair value less any cost to sell. Simultaneously, the profit generated by PTE Skarbiec-Emerytura SA within the period till the date of merger, i.e. 30 June 2008, was presented in the consolidated Profit and Loss Account for three quarters of 2008. The transaction of merger was described in detail under the Note 28 "Assets and Liabilities Held for Sale and Discontinued Operations".

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 by 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 the 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 the 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 the Profit and Loss Account 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 that:

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 making such classification get 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 properly 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 financial liabilities classified to this category are valued at fair value upon initial recognition.

Interest income/expense on financial assets/liabilities designated at fair value, except for derivatives the recognition of which is discussed in the Note 2.12, is recognized in net interest income. The valuation and result on disposal of financial assets/liabilities 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, and which 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 previous reporting periods presented in these financial statements, the only assets held to maturity occured in PTE and they were 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 is 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

Assets Carried at Amortised Cost

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 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 probable.

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 collateral 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 an 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 of acquisition 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 contracts 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 Repo, Reverse Repo, Buy-sell-back and 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 they are sold to third parties. In such 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.

Neither securities borrowed under "buy-sell-back" transactions nor securities lent under "sell-buy-back" transactions are recognised as financial assets.

As a result of "sell-buy-back" transactions concluded on securities held by the Group, financial assets are transferred in such 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., the fair value of the paid or received consideration), 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 to 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.

<u>Fair Value Hedges</u>

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.

<u>Cash Flow Hedges</u>

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 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.

<u>Derivative Instruments Not Fulfilling the Criteria of Hedge Accounting</u>

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), Cross 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 payment 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 determined using a 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 the 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 income statement 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.

Goodwill

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.

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, i.e., the Group has the intention and technical feasibility to complete and to use 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 income/operating expenses".

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 (cash-generating unit of given component of the asset).

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 of the asset into this category.

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, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations 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 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 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 income tax assets and provisions netted in the Balance Sheet separately for each subsidiary undergoing 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 income tax assets and deferred income tax provisions are netted against each other for each country separately where the Bank conducts its business and is obliged to settle up due to 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 income 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 income tax provision has been formed.

Deferred income tax for the Group is provided on assets or liabilities due to temporary differences arising from investments in subsidiaries and associates, except where, on the basis of any evidence, the timing of the reversal of the temporary difference is controlled by the Group and it is possible that the difference 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 case 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 the item "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 the case of finance lease contracts, under which the Group holds leased assets, subject of such lease agreement is recognised as a fixed 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 recognised as financial costs in the Profit and Loss Account and simultaneously they reduce the balance of the liability. Fixed assets which are the basis of the finance lease contract are depreciated in the manner defined for the Group's fixed 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 remuneration based on and settled in own shares and shares of the ultimate parent of the Group. 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 and shares granted increases the costs of the respective period, corresponding to own equity in the case of own shares and commitments in the case of shares of the ultimate parent of the Group. The total amount which needs to be expensed over the period when the outstanding rights of the employees for their options and shares to become exercisable are vested is determined on the basis of the fair value of the granted options and shares. There are no market vesting conditions that shall be taken into account when estimating the fair value of share options and shares at the measurement date. Non-market vesting conditions are not taken into account when estimating the fair value of share options and shares but they are taken into account through adjustment on the number of equity instruments. At each Balance Sheet date, the Group revises its estimates of the number of options and shares that are expected to become exercised.

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 own funds attributable to the Bank's equity holders, and minority interest 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 By-laws 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 shares or equity interests 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 they are assigned to purposes specified in the By-laws or other regulations of the law.

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 2.67% of own equity of the Group (the effect of the restatement would constitute 7.05% 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 material effect on neither the presented financial data nor own funds, 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 30 September 2008.

Hyperinflationary adjustments would also have no material effect for the period ended 30 September 2007 (the effect of the restatement would constitute 3.37% of the owners' equity of the Group and 7.10% 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 such 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 revaluation reserve.

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 the presentation currency with the application of mid 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 arithmetical mean of mid exchange rates quoted by the National Bank of Poland on the last day of each month 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 arithmetical mean of the mid rates quoted by NBP on the last day of each of six 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 adjustments 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 the subsidiary (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
- IFRIC 12, Service Concession Agreements, binding for annual periods starting after 1 January 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

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

- Reclassification of Financial Assets, Amendments to IAS 39 and IFRS 7, binding since 1 July 2008.

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

- IFRIC 13, Customer Loyalty Programmes, binding for annual periods starting after 1 July 2008
- IFRIC 15, Agreements for the Construction of Real Estate, binding for annual periods starting on or after 1 January 2009
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation, binding for annual periods starting on or after 1 October 2009
- IFRS 1 (Revised), First-Time Adoption of International Accounting Standards and IAS 27 (Revised), Consolidated and Separate Financial Statements, binding for annual periods starting on or after 1 January 2009
- IFRS 2 (Revised), Share-based Payment, binding for annual periods starting after 1 January 2009
- IFRS 3 (Revised), Business Combinations, binding prospectively to business combinations for which the acquisition date is after 1 July 2009
- IFRS 8, Operating Segments, binding for annual periods starting after 1 January 2009
- IAS 1 (Revised), Presentation of Financial Statements, binding for annual periods starting on or after 1 January 2009
- IAS 23 (Revised), Borrowing Costs, binding for annual periods starting after 1 January 2009
- IAS 27 (Revised), Consolidated and Separate Financial Statements, binding for annual periods starting 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 after 1 July 2009
- IAS 39 (Revised), Financial Instruments: Recognition and Measurement – criteria of qualification as hedged item, binding for annual periods starting on or after 1 July 2009
- Improvements to International Financial Reporting Standards issued in 2008 revising 20 standards, binding mostly for annual periods starting on 1 January 2009.

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

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

Comparative data have been adjusted so as to account for the changes in presentation introduced in the current rotary year.

Beginning from the financial statements for the first half of 2008 Bank modified accounting for "buy-sell-back" and "sell-buy-back" transactions. The new accountancy consists in individual approach instead of collective one to each subportfolio of debt instruments subjected to these transactions as it better reflects the character of the transactions conducted by the Bank.

The restatement had no impact on the amounts of profit and equity in presented comparative data as at 31 December 2007 and 30 September 2007.

The following combination presents the impact of the restatement on presented in the Consolidated Financial Statements comparative data for the Group and for the Bank.

Changes in the Consolidated Balance Sheet as at 31 December 2007.

31.12.2007

	31.12.2007 before adjustments	presentation adjustments	31.12.2007 after adjustments
Trading securities	3 403 174	854 808	4 257 982
Pledged securities	3 708 158	(895 881)	2 812 277
Amounts due to banks	12 286 940	(41 073)	12 245 867
Total assets	55 982 973	(41 073)	55 941 900

Changes in the Consolidated Balance Sheet as at 30 September 2007.

30.09.2007

	30.09.2007 before adjustments	presentation adjustments	30.09.2007 after adjustments
Trading securities	1 787 413	1 000 515	2 787 928
Pledged assets	3 683 156	(1 000 515)	2 682 641

Changes in the Stand-Alone Balance Sheet as at 31 December 2007.

31.12.2007

	31.12.2007 before adjustments	presentation adjustments	31.12.2007 after adjustments
Trading securities	3 721 311	854 009	4 575 320
Pledged securities	3 707 359	(895 082)	2 812 277
Amounts due to banks	7 972 900	(41 073)	7 931 827
Total assets	48 409 810	(41 073)	48 368 737

Changes in the Stand-Alone Balance Sheet as at 30 September 2007.

30.09.2007

	30.09.2007 before adjustments	presentation adjustments	30.09.2007 after adjustments
Trading securities	2 120 133	1 000 515	3 120 648
Pledged securities	3 682 357	(1 000 515)	2 681 842

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 requirements of IAS 12 "Income taxes" and based on paragraph 44, in relation to paragraph 24, recognised a deferred income tax asset due to the temporary difference between the tax value of shares of PTE Skarbiec-Emerytura SA, which stems from historical price of acquisition/taking up of these shares, and the balance sheet value of the shares of Aegon PTE SA, which was presented in the Group's consolidated Balance Sheet as a result of merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA. The value of such deferred asset in the consolidated financial statements amounts to PLN 61 601 thousand.

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 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 as well as microenterprises, 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 foreign branches of mBank: mBank Czech Republic and mBank Slovakia. Within the year 2008 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.

Retail Banking also includes 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 agents and advisors and sells bank and bank-insurance products. In the first half of 2008 the restructuring process began in order to strengthen the sales network of BRE Bank Retail Banking products through the change of emFinanse outlets into a sales network of BRE Bank Retail Banking products. In restructuring the emFinanse model will be integrated with the mBank and MultiBank model. The company will continue its business but in a limited scope. The process is going to be completed by the end of the current year.

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 estate 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 Institutions segment consists of services supporting foreign trade transactions. The Bank's offer addressed to enterprises 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 this 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 with 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 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 the 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) for the first half of 2008. On 30 June 2008 PTE Skarbiec-Emerytura SA and Aegon PTE SA were merged together and the result of the transaction was included in the results of this segment. Detailed information concerning the merger as well as assets held for sale and discontinued operations were presented in the Note 19 of these financial statements.

4) The remaining business of the Group includes the results on transactions not classified as strict 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.

Allocation of funds to the Group companies and assigning them to particular business segments 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 the Bank's units 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 30.09.2008
(PLN'000)

	Corporates & Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation)	Remaining Business	Eliminations	Group
	Corporates & Institutions	Trading & Investments					
Net interest income	**484 249**	**67 499**	**478 260**	**(12 651)**	**(8 726)**	**-**	**1 008 631**
- sales to external clients	577 525	167 084	268 629	2 430	(7 037)	-	1 008 631
- sales to other segments	(93 276)	(99 585)	209 631	(15 081)	(1 689)	-	-
Net fee and commission income	**276 787**	**(17 365)**	**175 293**	**13 795**	**(1 317)**	**19 264**	**466 457**
- sales to external clients	259 529	(2 976)	178 162	13 795	(1 317)	19 264	466 457
- sales to other segments	17 258	(14 389)	(2 869)	-	-	-	-
Unallocated costs							-
Gross profit / (loss) of the segment	**385 220**	**220 682**	**276 159**	**62 677**	**32 635**	**3 822**	**981 195**
Profit on operating acitivities							981 195
Contribution of profit sharing in associated companies (before tax)	-	-	-	-	-	-	-
Gross profit							981 195
Income tax							(108 766)
Net profit attributable to minority interest							29 612
Net profit							842 817
Assets of the segment	**26 848 063**	**21 566 696**	**20 664 480**	**399 231**	**885 718**	**(2 640 952)**	**67 723 236**
Total assets							67 723 236
Segment's liabilities	**36 988 036**	**8 180 958**	**19 613 662**	**9 127**	**780 929**	**(2 002 098)**	**63 570 614**
Total liabilities							63 570 614
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(145 384)	(8 254)	(89 424)	(530)	(17 572)	-	(261 164)
Amortisation/depreciation	(81 933)	(7 580)	(52 764)	(722)	(2 351)	283	(145 067)
Losses on credits and loans	(197 435)	(15 447)	(108 175)	-	-	-	(321 057)
Other costs/ income without cash outflows/ inflows*	-	(62 265)	8	-	-	-	(62 257)
- other non-cash costs	-	*(1 399 867)*	*8*	-	-	-	*(1 399 859)*
- other non-cash income	-	*1 337 602*	-	-	-	-	*1 337 602*

* 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 30.09.2007 (PLN'000)

	Corporates & Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation)	Remaining Business	Eliminations	Group
	Corporates & Institutions	Trading & Investments					
Net interest income	**401 670**	**38 834**	**308 760**	**(9 657)**	**(426)**	**-**	**739 181**
- sales to external clients	457 593	49 014	229 814	2 481	279	-	739 181
- sales to other segments	(55 923)	(10 180)	78 946	(12 138)	(705)	-	-
Net fee and commission income	**295 563**	**(11 703)**	**145 210**	**19 544**	**(334)**	**-**	**448 280**
- sales to external clients	282 377	(416)	147 109	19 544	(334)	-	448 280
- sales to other segments	13 186	(11 287)	(1 899)	-	-	-	-
Unallocated costs							-
Gross profit / (loss) of the segment	**349 999**	**99 056**	**197 668**	**90 051**	**27 522**	**(14 463)**	**749 833**
Profit on operating acitivities							-
Contribution of profit / (loss) sharing in associated companies (before tax)	-	-	-	-	-	-	-
Gross profit							749 833
Income tax							(158 759)
Net profit attributable to minority interest							22 958
Net profit							568 116
Assets of the segment	**21 815 674**	**19 469 052**	**13 228 932**	**495 494**	**704 492**	**(3 953 997)**	**51 759 647**
Total assets							51 759 647
Segment's liabilities	**28 504 731**	**11 080 628**	**11 398 001**	**9 830**	**858 478**	**(3 378 760)**	**48 472 908**
Total liabilities							48 472 908
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(92 282)	(5 910)	(52 422)	(1 267)	(4 409)	-	(156 290)
Amortisation/depreciation	(73 236)	(6 691)	(50 554)	(868)	(2 307)	(1 561)	(135 217)
Losses on credits and loans	(161 629)	(3 796)	(25 585)	-	(1 254)	-	(192 264)
Other costs/ income without cash outflows/ inflows*	-	1 988	(2)	-	-	-	1 986
- other non-cash costs	-	*(173 426)*	*(2)*	-	-	-	*(173 428)*
- other non-cash income	-	*175 414*	-	-	-	-	*175 414*

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

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5. Net Interest Income

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Interest income		
Loans and advances including the unwind of the impairment provision discount	1 881 596	1 219 490
Cash and short-term investments	263 715	196 207
Investment securities	197 887	129 703
Trading debt securities	180 920	113 107
Other	26 443	10 508
	2 550 561	**1 669 015**
Interest expense		
Arising from amounts due to banks and customers	(1 368 550)	(758 905)
Arising from issue of debt securities	(116 380)	(126 190)
Other borrowed funds	(57 194)	(41 030)
Other	(2 236)	(6 190)
	(1 544 360)	**(932 315)**

Interest income related to financial assets which have been impaired amounted to PLN 15 287 thousand (PLN 6 817 thousand as at 30 September 2007).

6. Net Fee and Commission Income

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Fee and commission income		
Credit activity-related fees and commissions	231 006	157 972
Commissions from payment cards	148 500	107 514
Fees from brokerage activity	54 077	94 325
Commissions from money transfers	53 654	56 512
Commissions from bank accounts	46 254	31 435
Commissions due to guarantees granted and trade finance commissions	29 323	29 323
Commissions on trust and fiduciary activities	7 761	8 212
Fees from portfolio management services and other management-related fees	6 386	8 044
Other	80 957	84 367
	657 918	**577 704**
Fee and commission expense		
Payment cards-related fees	(99 729)	(73 906)
Discharged brokerage fees	(15 045)	(18 551)
Other discharged fees	(90 480)	(56 755)
	(205 254)	**(149 212)**

7. Dividend Income

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Trading securities	1 698	2
Securities available for sale	2 045	2 235
Dividend income, total	**3 743**	**2 237**

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8. Net Trading Income

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Foreign exchange result	**435 851**	**323 571**
Net foreign exchange differences from the translation	457 845	426 645
Net transaction gains and losses	(21 994)	(103 074)
Other net trading income	**(13 504)**	**54 509**
Interest-bearing instruments	(15 755)	22 736
Equities	(4 133)	23 573
Market risk instruments	6 384	8 200
Total net trading income	**422 347**	**378 080**

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. Market risk instruments result includes profits and losses on: bond futures, index futures, security options, stock exchange index options, and options on futures contracts as well as result from securities forward transactions and commodity swaps.

9. Gains less Losses from Investment Securities

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Sale/redemption of the financial assets available for sale by the issuer	137 914	3 975
Impairment of available for sale equity securities	-	(63)
Total gains and losses from investment securities	**137 914**	**3 912**

The most impact on the value of sale/redemption of financial assets available for sale has had the result on the sale of shares of Vectra SA, which took place in the first quarter of 2008. The transaction of sale was described under item 4 of Selected Explanatory Information to the financial statements for the first quarter of 2008, published on 6 May 2008.

10. Other Operating Income

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Income from sale or liquidation of tangible and intangible fixed assets and assets held for resale*	153 282	55 623
Income from the release of impairment provisions for tangible fixed assets and intangible assets	-	743
Income from recovering receivables designated previously as prescribed, remitted and uncollectible	4 860	2 161
Income from compensation, penalties and fines received	227	245
Income due to release of provisions for future commitments	3 167	9 570
Donations received	2	-
Income from services provided**	36 498	34 537
Other	7 841	9 498
Total other operating income	**205 877**	**112 377**

* The amount includes mainly BRE.locum's income from developer activity
** Concerns non-banking services

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11. Impairment Losses on Loans and Advances

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Impairment losses on amounts due from other banks	(15 097)	763
Impairemnt losses on off-balance sheet contingent liabilities due to other banks	(1 100)	-
Imapirment losses on loans and advances to customers	(109 241)	(37 682)
Impairment losses on off-balance sheet contingent liabilities due to customers	(13 238)	(3 739)
Total impairment losses on loans and advances	**(138 676)**	**(40 658)**

12. Overhead Costs

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Staff-related expenses (Note 12A)	(526 533)	(435 200)
Material costs	(363 146)	(314 173)
Taxes and fees	(18 467)	(9 779)
Contributions and transfers to the Banking Guarantee Fund	(5 267)	(4 145)
Contributions to the Social Benefits Fund	(4 674)	(3 366)
Other	(4 967)	(7 458)
Total overhead costs	**(923 054)**	**(774 121)**

Staff-related Expenses (12A)

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Wages and salaries	(426 936)	(362 819)
Social security expenses	(62 016)	(47 744)
Pension fund expenses	(707)	(2 612)
Salaries in form of share option program for employees	(10 203)	(648)
Other staff expenses	(26 671)	(21 377)
Staff-related expenses, total	**(526 533)**	**(435 200)**

The average level of employment in the Group in three quarters of 2008 was 6 808 persons (v. 5 725 persons in three quarters of 2007).

13. Other Operating Expenses

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Costs of selling or liquidation of fixed assets, intangible assets and assets held for resale*	(99 447)	(39 371)
Impairment provisions created for tangible fixed assets and intangible assets	(43)	(4 656)
Impairment provisions created for other receivables (excluding loans and advances)	(4 610)	(974)
Receivables and liabilities recognised as prescribed, remitted and uncollectible	(1 191)	(1 950)
Compensation, penalties and fines paid	(456)	(128)
Donations made	(3 320)	(2 309)
Provisions for future commitments	(352)	(3 911)
Costs of sale of services**	(1 550)	(3 452)
Other operating costs	(8 938)	(8 739)
Total other operating expenses	**(119 907)**	**(65 490)**

* The amount includes mainly BRE.locum's income from developer activity
** Concern non-banking services

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14. Earnings per Share

Earnings per share for 9 months – continued operations

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Basic:		
Net profit from continued operations attributable to the Bank's equity holders	766 245	486 151
Weighted average number of ordinary shares	29 677 096	29 557 511
Net basic profit per share (in PLN per share)	**25.82**	**16.45**
Diluted:		
Net profit from continued operations attributable to the Bank's equity holders, applied for calculation of diluted earnings per share	766 245	486 151
Weighted average number of ordinary shares	29 677 096	29 557 511
Adjustments for:		
- stock options for employees	9 216	75 160
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 686 312	29 632 671
Diluted earnings per share (in PLN per share)	**25.81**	**16.41**

Earnings per share for 9 months – together continued and discontinued operations

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Basic:		
Net profit from continued and discontinued operations attributable to the Bank's equity holders	842 817	568 116
Weighted average number of ordinary shares	29 677 096	29 557 511
Net basic profit per share (in PLN per share)	**28.40**	**19.22**
Diluted:		
Net profit from continued and discontinued operations attributable to the Bank's equity holders, applied for calculation of diluted earnings per share	842 817	568 116
Weighted average number of ordinary shares	29 677 096	29 557 511
Adjustments for:		
- stock options for employees	9 216	75 160
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 686 312	29 632 671
Diluted earnings per share (in PLN per share)	**28.39**	**19.17**

15. Trading Securities and Pledged Assets

	30.09.2008	31.12.2007	30.09.2007
Debt securities:	**4 690 114**	**6 985 554**	**5 402 382**
Government bonds included in cash equivalents and pledged government bonds (sell-buy-back transactions), including:	2 140 524	4 733 535	3 837 390
- pledged government bonds (sell-buy-back transactions)	159 208	2 717 473	2 616 942
Treasury bills included in cash equivalents and pledged treasury bills (sell-buy-back transactions), including:	1 092 974	25 623	13 763
- pledged treasury bills (sell-buy-back transactions)	366 790	14 362	-
Other debt securities:	1 456 616	2 226 396	1 551 229
Equity securities:	**4 545**	**4 263**	**2 488**
- listed	4 545	4 263	2 488
Debt and equity securities, including:	**4 694 659**	**6 989 817**	**5 404 870**
- Trading securities	*4 168 661*	*4 257 982*	*2 787 928*
- Pledged assets	*525 998*	*2 731 835*	*2 616 942*

The note above does not include Treasury or monetary bills pledged under Bank Guarantee Fund in the amount of PLN 95 589 thousand (31 December 2007 and 30 September 2007: PLN 80 442 thousand and 65 699 thousand respectively), or pledged investment government bonds (sell-buy-back transactions) in the amount of PLN 2 206 583 thousand, which have been classified as investment securities (Note 17).

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16. Loans and Advances to Customers

	30.09.2008	31.12.2007	30.09.2007
Loans and advances to individuals	19 824 143	13 876 425	12 710 898
Loans and advances to corporate entities	23 319 659	19 477 259	18 575 705
Loans and advances to public sector	666 718	599 155	839 413
Other receivables	355 056	412 529	361 510
Total (gross) loans and advances to customers	**44 165 576**	**34 365 368**	**32 487 526**
Provisions for loans and advances to customers (negative amount)	(737 984)	(682 703)	(855 494)
Total (net) loans and advances to customers	**43 427 592**	**33 682 665**	**31 632 032**
Short-term (up to 1 year)	14 340 240	13 824 483	13 420 044
Long-term (over 1 year)	29 087 352	19 858 182	18 211 988

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: 30 September 2008 – PLN 1 742 500 thousand, 31 December 2007 – PLN 1 147 600 thousand and 30 September 2007 – PLN 829 700 thousand.

17. Investment Securities and Pledged Assets

	30.09.2008	31.12.2007	30.09.2007
Debt securities	**6 747 984**	**6 078 433**	**3 999 807**
- listed	6 706 645	6 014 425	3 909 433
- unlisted	41 339	64 008	90 374
Equity securities	**123 563**	**388 583**	**387 859**
- listed	8 038	10 021	10 723
- unlisted	115 525	378 562	377 136
Total investment securities and pledged assets, including:	**6 871 547**	**6 467 016**	**4 387 666**
- Available for sale securities	*4 569 375*	*6 386 574*	*4 321 967*
- Pledged assets	*2 302 172*	*80 442*	*65 699*
Short-term (up to 1 year)	1 979 400	3 061 950	1 117 072
Long-term (over 1 year)	4 892 147	3 405 066	3 270 594

The presented above equity securities, valued at fair value, include impairment in the amount of PLN 29 077 thousand as at 30 September 2008 (31 December 2007: PLN 29 076 thousand, 30 September 2007: PLN 29 076 thousand respectively).

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

18. Amounts due to Customers

	30.09.2008	31.12.2007	30.09.2007
Individual customers	18 686 203	12 932 340	11 535 995
Corporate customers	19 329 674	18 764 868	17 263 427
Public sector customers	107 297	704 655	220 793
Total amounts due to customers	**38 123 174**	**32 401 863**	**29 020 215**
Short-term (up to 1 year)	37 427 492	31 765 645	28 225 923
Long-term (over 1 year)	695 682	636 218	794 292

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: 30 September 2008 – PLN 1 360 153 thousand, 31 December 2007 – PLN 1 316 000 thousand, 30 September 2007 – PLN 965 204 thousand respectively.

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

On 29 June 2007, the Bank and Aegon Woningen Nova BV, a 100% shareholder of the company Powszechne Towarzystwo Emerytalne Ergo Hestia S.A. (PTE Ergo Hestia), signed the PTE Ergo Hestia and PTE Skarbiec-Emerytura Merger Agreement and the Option Agreement. Details of these two Agreements were published by the Bank in financial statements prepared for previous reporting periods.

On 28 September 2007, the Bank was informed that the President of the Competition and Consumer Protection Office ("UOKiK") by decision of 27 September 2007 approved the concentration consisting in the merger of Aegon PTE SA and PTE Skarbiec-Emerytura SA. The UOKiK approval was one of the conditions necessary for the merger of these two pension fund companies.

On 7 November 2007, the two pension fund companies submitted merger applications to the Polish Financial Supervision Authority (KNF).

On 9 May 2008, KNF gave the approval of the merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA together with other merger-related decisions. The KNF merger decisions finally fulfilled the conditions precedent of the merger under the pension fund companies' merger agreement.

On 30 June 2008, the registration court for the capital city of Warsaw registered the merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA.

The merger consisted in the transfer of all assets of PTE Skarbiec–Emerytura SA, the acquired company, to Aegon PTE SA, the acquiring company.

In connection with the registration of the merger and with implementation of the above mentioned merger agreement, Aegon PTE SA transferred to the Bank 54 812 shares of Aegon PTE SA with a nominal value of PLN 1 000 per share. The shares represent 49.7% of the share capital of Aegon PTE SA and give 54 812 votes at the General Meeting of Aegon PTE SA, equivalent to 49.7% of the total number of votes at the General Meeting of the company.

Prior to the transaction, the Bank did not hold any shares of Aegon PTE SA.

Prior to the merger, the Bank held 8 516 181 shares of PTE Skarbiec-Emerytura SA representing 100% of the share capital and votes at the General Meeting of the company.

On 21 July 2008 BRE Bank and Aegon Woningen Nova BV entered into agreement on sale of shares of Aegon PTE, being the property of the Bank.

Sale of the shares of Aegon PTE SA will be possible after the approval of KNF.

On 13 August 2008 Aegon PTE SA put a motion on behalf of Aegon Woningen Nova BV to the Polish Financial Supervision Authority concerning acquisition of 54 812 shares of Aegon PTE SA from BRE Bank which were obtained by BRE Bank in relation to the transaction of merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA.

<u>Accounting for the merger transaction:</u>

a) accounting for the merger transaction in the stand-alone statements of BRE Bank

The value of the shares on the books of the Bank was PLN 335 819 thousand before the merger. On 30 June 2008, the Bank reversed revaluation of the shares of PTE Skarbiec-Emerytura on the books of the Bank to PLN 468 039 thousand. That value was calculated on the basis of the selling price in the amount of PLN 482 546 thousand less estimated transaction costs in the amount of PLN 14 507 thousand. Subsequently, the Bank booked the conversion of shares of PTE Skarbiec-Emerytura to shares of Aegon PTE SA.

The profit before tax of BRE Bank on the reversed impairment and the conversion of shares of PTE Skarbiec-Emerytura SA to shares of Aegon PTE SA net of the transaction cost was PLN 132 220 thousand and was recognised under "Gains less losses on investment securities" in the Profit and Loss Account.

In addition, as a result of the transaction, the Bank recognised a deferred income tax asset of PLN 51 751 thousand.

The value of shares of Aegon PTE SA on the books of the Bank was PLN 468 039 thousand as at 30 September 2008. The Bank presents the investment in the shares of Aegon PTE SA under assets held for sale in the financial statements.

b) accounting for the merger transaction in the consolidated statements of the BRE Bank Group

The net asset value and goodwill of PTE Skarbiec-Emerytura in the consolidated financial statements of the Group was PLN 348 952 thousand before the merger.

The value of shares of Aegon PTE SA in the consolidated financial statements of the Group was PLN 416 150 thousand as at 30 September 2008 and was determined on the basis of the share conversion ratio and the fair value of the net assets of the merged companies pursuant to IFRS 3 "Business Combinations".

The profit before tax of the BRE Bank Group on the merger of the two companies and the acquisition of shares of Aegon PTE SA was PLN 67 198 thousand as at 30 June 2008.

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In addition, the Group recognised a deferred income tax asset of PLN 61 601 thousand. Founding of the asset was recognised as decrease in tax liability in relation to continued operations, because it will be eligible for realisation in relation to the Group's profits from continued operations.

The shares of Aegon PTE SA were presented under assets held for sale in the consolidated financial statements of the Group.

The profit of PTE Skarbiec-Emerytura SA generated from 1 January 2008 to the date of merger, i.e. 30 June 2008 was presented under "Asset Management – Discontinued Operations" (Note 4) in the Group's business segment reporting.

Financial data presented below concern non-current assets (disposal groups) held for sale as at 30 September 2008, 31 December 2007 and 30 September 2007 and discontinued operations for the periods: from 1 January to 30 September 2008 and 1 January to 30 September 2007.

Financial data concerning balance sheet positions connected with the assets held for sale as at 30 September 2008, 31 December 2007 and 30 September 2007 are as follows:

	30.09.2008	31.12.2007	30.09.2007
Assets held for sale, including:			
Loans and advances to banks	-	4 064	11 383
Investment securities	-	88 744	78 445
- held to maturity	-	88 744	78 445
Investments in associates	416 150	-	-
Intangible assets (including goodwill)	-	221 012	221 022
Tangible fixed assets	-	1 336	1 433
Deferred income tax assets	-	1 307	1 477
Other assets	-	19 615	14 930
Total assets held for sale	**416 150**	**336 078**	**328 690**

	30.09.2008	31.12.2007	30.09.2007
Liabilities held for sale, including:			
Other liabilities	-	10 596	8 219
Provisions	-	1 947	1 611
Total liabilities held for sale	**-**	**12 543**	**9 830**

Financial data concerning Profit and Loss Account items related to assets held for sale and discontinued operations for the period from 1 January to 30 September 2008 and the period from 1 January to 30 September 2007 are as follows:

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Interest income	2 430	2 485
Interest expense	-	(4)
Net interest income	**2 430**	**2 481**
Fee and commission income	25 376	33 794
Fee and commission expense	(11 583)	(14 006)
Net fee and commission income	**13 793**	**19 788**
Net trading income, including:	(1)	-
Foreign exchange result	*(1)*	-
Gains less losses from investment securities	-	2 731
Other operating income	701	33
Overhead costs	(4 935)	(6 261)
Amortization and depreciation	(245)	(323)
Other operating expenses	(33)	(4 709)
Operating profit	**11 710**	**13 740**
Income from sale / income from merger of assets held for disposal*	67 198	89 458
Profit (loss) before income tax from discontinued operations	**78 908**	**103 198**
Income tax expense	(2 336)	(21 233)
Net profit (loss) from discontinued operations including minority interest	**76 572**	**81 965**
Net profit attributable to minority interest	-	-
Net profit (loss) from discontinued operations	**76 572**	**81 965**

* As at 30 September 2007, the amount of PLN 89 458 thousand is an income from sale of shares of Skarbiec Asset Management Holding SA. As at 30 September 2008, the amount of 67 198 thousand is the Group's income from merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA.

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Financial data concerning cash flows related to assets held for sale and discontinued operations for the period from 1 January to 30 September 2008 and the period from 1 January to 30 September 2007 are as follows:

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Cash flow from operating activities	10 680	(2 606)
Cash flows from investing activities	-	153 933
including sale of assets held for sale	-	*154 705*

Earnings per share for 9 months – discontinued operations

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Basic:		
Net profit from discontinued operations attributable to the Bank's equity holders	76 572	81 965
Weighted average number of ordinary shares	29 677 096	29 557 511
Net basic profit per share (in PLN per share)	**2.58**	**2.77**
Diluted:		
Net profit from discontinued operations attributable to the Bank's equity holders, applied for calculation of diluted earnings per share	76 572	81 965
Weighted average number of ordinary shares	29 677 096	29 557 511
Adjustments for:		
- stock options for employees	9 216	75 160
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 686 312	29 632 671
Diluted earnings per share (in PLN per share)	**2.58**	**2.77**

Selected explanatory information

1. Compliance with International Financial Reporting Standards

The presented concise report for the third 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 third quarter of 2008. The accounting policies were applied consistently over all of the periods presented in the financial statements.

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 4 July 2008 BRE Bank entered into a loan agreement with Commerzbank AG. In accordance with the agreement the Bank received a loan in the amount of CHF 1 000 000 thousand (PLN 2 066 300 thousand at average NBP exchange rate of 4 July 2008). On 15 July 2008 the Bank received the first tranche in the amount of CHF 500 000 thousand (PLN 1 012 400 thousand at average NBP exchange rate of 15 July 2008). The second tranche in the amount of CHF 500 000 thousand the Bank received on 15 September 2008 (PLN 1 058 050 thousand at average NBP exchange rate of 15 September 2008).
- On 1 August 2008 BRE Leasing Sp. z o.o., an indirect generic-dependent entity on the Bank, entered into a loan agreement with Commerzbank AG, Branch in Prague. The amount of the loan amounts to PLN 1 000 000 thousand. This is a loan denominated in multiple currency and it is to be used by 1 July 2009. The loan is to be repaid by 31 August 2009. The interest on the loan is based on the base rate relevant to the foreign currency being drawn and the interest period selected (increased by margin of Commerzbank AG), i.e.
  - for PLN – WIBOR 2W, 1M, 3M, 6M,
  - for EUR – EURIBOR 2W, 1M, 3M, 6M,
  - for CHF – CHF LIBOR 2W, 1M, 3M, 6M,
  - for JPY – JPY LIBOR 2W, 1M, 3M, 6M.
- Within the period from 26 August to 3 September 2008 BRE Leasing Sp. z o.o – an indirect-generic dependent entity on the Bank – concluded two framework agreements with both the bank, WestLB AG, and its subsidiary, WestLB Polska SA, concerning different forms of credit transactions with total amount of PLN 381 705 thousand (the amount calculated according to average NBP exchange rates of the dates of concluding the agreements).

  The framework agreement concluded on 26 August 2008 with WestLB AG enables to credit to maximum amount of PLN 331 200 thousand in the form of multiple currency short-term loan, multiple current mid-term loan or other bank products. The framework agreement is open-ended. According to the accepted Product Offer, the period of offering facilities of short-term and mid-term loan end on 25 August 2009 and the loan is to be repaid up by 25 August 2011. The interest on the loan is based on the base rate relevant to the foreign currency being drawn and the interest period selected (increased by margin of WestLB AG), i.e.,
  - for PLN – WIBOR 1M, 3M, 6M,
  - for EUR – EURIBOR 1M, 3M, 6M,
  - for CHF – CHF LIBOR 1M, 3M, 6M,
  - for JPY – JPY LIBOR 1M, 3M, 6M,
  - for GBP – GBP LIBOR 1M, 3M, 6M,
  - for USD – USD LIBOR 1M, 3M, 6M.

  The loan shall be used to refinance leasing activity of BRE Leasing.

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 third 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 third quarter of 2008 BRE Bank redeemed deposit certificates in the amount of PLN 14 200 thousand. The company BRE Bank Hipoteczny issued bonds in the amount of PLN 596 662 thousand and mortgage bonds in the amount of PLN 100 000 thousand. In the same period the company redeemed bonds in the amount of PLN 674 900 thousand and mortgage bonds in the amount of PLN 224 350 thousand. Moreover, in the third quarter of 2008 BRE Leasing issued short-term bonds in the amount of PLN 210 000 thousand. In the same period, redemption in the amount of PLN 195 000 thousand took place at the company.

7. Dividends paid (or declared) altogether or 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 third quarter of 2008, which were not reflected in the financial statement

The above indicated events did not occur in the Group.

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

The above indicated events had no significant impact on the Group in the third quarter of 2008.

11. Changes in contingent liabilities and commitments

In the third 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 third quarter of 2008, no significant impairment write-offs were recorded in relation to any tangible fixed assets or intangible 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 third 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 third 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 30 September 2008 was 29 690 882 shares (v. 29 614 972 as at 30 September 2007) with PLN 4 nominal value each (PLN 4 in 2007). All issued shares were fully paid.

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REGISTERED SHARE CAPITAL (THE 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	15-11-07*	15-11-07*
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*
21-05-03	ordinary bearer	-	-	650	2 600	fully paid up in cash	15-04-08*	15-04-08*
21-05-03	ordinary bearer	-	-	18 609	74 436	fully paid up in cash	19-05-08*	19-05-08*
21-05-03	ordinary bearer	-	-	4 900	19 600	fully paid up in cash	13-06-08*	13-06-08*
21-05-03	ordinary bearer	-	-	2 945	11 780	fully paid up in cash	10-07-08*	10-07-08*
Total number of shares				**29 690 882**				
Total registered share capital					**118 763 528**			
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 third 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 30 September 2008 it held 69.7847% of the share capital and votes at the General Meeting of BRE Bank SA (as at 30 June 2008 – 69.792%).

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

	Number of shares held as at the date of publishing the report for Q2 2008	Number of shares acquired from the date of publishing the report for Q2 2008 to the date of publishing the report for Q3 2008	Number of shares sold from the date of publishing the report for Q2 2008 to the date of publishing the report for Q3 2008	Number of shares held as at the date of publishing the report for Q3 2008
Management Board				
1. Mariusz Grendowicz	-	-	-	-
2. Wiesław Thor	5 609	-	-	5 609
3. Karin Katerbau	-	-	-	-
4. Bernd Loewen	-	-	-	-
5. Jarosław Mastalerz	1 378	-	-	1 378
6. Christian Rhino	-	-	-	-

As at the date of publishing the report for the second quarter of 2008 and as at the date of publishing the report for the third 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 9 months

the period	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007
Basic:		
Net profit	840 152	549 652
Weighted average number of ordinary shares	29 677 096	29 557 511
Net basic profit per share (in PLN per share)	**28.31**	**18.60**
Diluted:		
Net profit attributable to the shareholders, applied for calculation of diluted earnings per share	840 152	549 652
Weighted average number of ordinary shares in issue	29 677 096	29 557 511
Adjustments for:		
- stock options for employees	9 216	75 160
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 686 312	29 632 671
Diluted earnings per share (in PLN per share)	**28.30**	**18.55**

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

As at 30 September 2008, BRE Bank SA ("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. Moreover, the total value of claims concerning liabilities of the issuer or its subsidiary in all proceedings before a court, an arbitration body or a public administration authority underway at 30 September 2008 also was not greater than 10% of the issuer's equity.

Report on major proceedings concerning contingent liabilities of the issuer

1. Lawsuit initiated by Bank Leumi and Migdal Insurance Company against the Bank for indemnity

   At present proceedings against BRE Bank in the Court of Jerusalem takes place initiated by Bank Leumi and an insurance company of Bank Leumi, Migdal Insurance Company. It is an action for indemnity in the amount of USD 13.5 million (PLN 32.0 million according to the average exchange rate of the National Bank of Poland of 30 September 2008). This action was originally initiated by ART-B Sp. z o.o. Eksport – Import with its registered office in Katowice, under liquidation ("Art-B") against the main defendant Bank Leumi, whereas BRE Bank was garnished by Bank Leumi. Considering a settlement concluded between ART-B and Bank Leumi, and Migdal Insurance Company, on the basis of which ART-B received from Bank Leumi and Migdal Insurance Company an amount of USD 13.5 million, Bank Leumi and Migdal Insurance Company claim from BRE Bank refund of the amount paid to ART-B that is USD 13.5 million. BRE Bank's liability towards Bank Leumi and Migdal Insurance Company is under recourse. The proceeding is at a pre-trial stage, prior to the first hearing.

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 Official Receiver of bankrupt Pozmeat brought the case against BRE Bank SA and TTI 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 shares of Garbary Sp. z o.o. ("Garbary") 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 on the date of sale of Pozmeat's interest in Garbary (19 July 2001). The District Court in Warsaw has granted the receiver a security by forbidding BRE Bank to dispose of or to encumber the interests in Garbary.

On 8 October 2008 the Court issued a verdict in which dismissed the bankrupt's complaint in its entirety. The verdict is not in force yet and there is a high probability that it will be sued by the bankrupt.

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 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 contributed in kind to Garbary 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. After re-examining the case, the Court of Appeals dismissed the ruling of the District Court in Poznań on 4 March 2008 and referred the case back.

The dispute focuses on determination of the value of the right to perpetual usufruct of real estate located at Garbary Street on the day (December 2000) of contribution in kind of the right to perpetual usufruct to Milenium Center Sp. z o.o. (now Garbary Sp. z o.o.). The claimant filed for hearing of over twenty witnesses. The Court has not yet made a decision on personal evidence. This might cause a risk of long hearing of evidence in the court of first instance.

Legal counsellors of Garbary raised an objection that there are no grounds for accepting representation in proceedings at law of Pekao SA Bank in the place of BPH SA Bank. The Court should dismiss the claim against Garbary Sp. z o.o., if it agrees on the standpoint of Garbary.

4. Lawsuit brought by Bank BPH SA against BRE Bank SA and Tele-Tech Investment Sp. z o.o.

Bank BPH SA on 17 November 2007 brought to court a case to pay damages in the amount of PLN 34 880 thousand with statutory interests from 20 November 2004 to the day of payment, due to alleged illegal actions such as the sale by Pozmeat SA to Tele-Tech Investment Sp. z o.o. of all shares in the equity of Garbary Sp. z o.o. (previously Milenium Center Sp. z o.o.), an important part of its assets, when insolvency was a threat to the company.

The case was filed with the District Court in Warsaw. The Court has not set the date of the first trial in this case. In the light of the action, the claimed amount of damages of PLN 34 880 thousand is equivalent to the claim of the creditor under a credit agreement between Pozmeat SA and Bank BPH SA not paid to date in the bankruptcy proceeding of Pozmeat SA.

The defendants filed a reply to the claim, where they request for dismissal of the claim due to the lack of right of action on the part of the claimant. In case the District Court does not accept their arguments, the defendants refer to the merit of the claim, raising an objection that their actions were not illegal and that the claimant has not proven to have incurred losses.

5. Claims of the clients of Interbrok

As as 27 October 2008 the Bank was requested by 62 entities who were the client of Interbrok Investment E. Drożdż i Spółka Spółka jawna (further referred to as Interbrok) to pay compensation claims in a total amount of PLN 139 120 thousand. 57 entities called the Bank for settlement of the matter amicably via the District Court in Warsaw. Additionally by 27 October 2008 8 legal suits have been delivered to the Bank where former clients of Interbrok claimed compensation in the total amount of PLN 800 thousand with the reservation that the claims may be extended up to the total amount of PLN 5 950 thousand. Plaintiffs allege that Bank aided in Interbrok's illegal activities, which caused damage to plaintiffs. In all court cases Bank moves for dismissal of the claims wholly and objects to charges included in the legal suits. The legal analysis of the abovementioned claims indicates that there are not significant grounds to state that the Bank bears liability in the discussed case. Therefore BRE Bank Group SA did not create provisions for the above claims.

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As at 30 September 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 30 September 2008 did not go above 10% of the issuer's equity.

Taxes

Within the period from 14 May to 30 June 2008, the officers of the First Mazovian Treasury Office carried out tax audits, concerning correctness of the payment of the corporate income tax to the Treasury for the period from 1 January to 31 December 2005. The audits did not indicate any irregularities that would have material impact on the financial statements.

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

There were no tax audits at the companies of the Group within three quarters of 2008 or 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 Management Board is not aware of any circumstances which may give rise to a potential tax liability in this respect.

25. Off-balance sheet liabilities

Off-balance sheet liabilities as at 30 September 2008, 31 December 2007 and 30 September 2007.

Consolidated data

as at	30.09.2008	31.12.2007	30.09.2007
Contingent liabilities granted and received			
Commitments granted	**20 248 909**	**17 359 638**	**16 576 581**
- financing	16 389 479	14 101 941	12 863 766
- guarantees	2 883 969	2 739 787	2 820 624
- other commitments	975 461	517 910	892 191
Commitments received	**2 613 519**	**2 235 010**	**2 949 474**
- financing	1 746 072	1 317 021	2 379 440
- guarantees	585 782	635 627	570 034
- other commitments	281 665	282 362	-
Total off-balance sheet items	**22 862 428**	**19 594 648**	**19 526 055**

Stand-alone data

as at	30.09.2008	31.12.2007	30.09.2007
Contingent liabilities granted and received			
Commitments granted	**18 721 779**	**16 366 707**	**16 864 683**
- financing	14 643 886	12 409 672	11 851 853
- guarantees	2 853 236	3 439 125	4 120 639
- others	1 224 657	517 910	892 191
Commitments received	**886 217**	**984 010**	**1 622 237**
- financing	446 485	500 000	1 213 250
- guarantees	439 732	484 010	408 987
Total off-balance sheet items	**19 607 996**	**17 350 717**	**18 486 920**

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.

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 4 July 2008 BRE Bank entered into a loan agreement with Commerzbank AG. In accordance with the agreement the Bank received a loan in the amount of CHF 1 000 000 thousand (PLN 2 066 300 thousand at average NBP exchange rate of 4 July 2008). On 15 July 2008 the Bank received the first tranche in the amount of CHF 500 000 thousand (PLN 1 012 400 thousand at average NBP exchange rate of 15 July 2008). The second tranche in the amount of CHF 500 000 thousand the Bank received on 15 September 2008 (PLN 1 058 050 thousand at average NBP exchange rate of 15 September 2008).

- On 1 August 2008 BRE Leasing Sp. z o.o., an indirect generic-dependent entity on the Bank, entered into a loan agreement with Commerzbank AG, Branch in Prague. The amount of the loan amounts to PLN 1 000 000 thousand. This is a loan denominated in multiple currency and it is to be used by 1 July 2009. The loan is to be repaid by 31 August 2009. The interest on the loan is based on the base rate relevant to the foreign currency being drawn and the interest period selected (increased by margin of Commerzbank AG), i.e.
  - for PLN – WIBOR 2W, 1M, 3M, 6M,
  - for EUR – EURIBOR 2W, 1M, 3M, 6M,
  - for CHF – CHF LIBOR 2W, 1M, 3M, 6M,
  - for JPY – JPY LIBOR 2W, 1M, 3M, 6M.

  The loan shall be used to refinance leasing activity of BRE Leasing.

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 30 September 2008, 31 December 2007 and 30 September 2007 are as follows:

Numerical data concerning transactions with related entities (in PLN '000) - 30 September 2008

No.	Company's name	Balance sheet		Profit and Loss Account				Contingent commitments granted and received	
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	AMBRESA Sp. z o.o.	-	354	1	-	-	-	-	-
2	BRE Ubezpieczenia TU SA	-	16 605	-	(431)	6	-	-	-
3	BRELINVEST Sp. z o.o. Fly 2 Commandite company	-	65	-	-	1	-	-	-
4	BREL-MAR Sp. z o.o.	-	-	-	-	1	-	-	-
5	ServicePoint Sp. z o.o.	-	447	5	(4)	12	-	500	-
	Associated								
	Aegon PTE SA	-	447	-	(345)	10	-	77	-
	Xtrade SA	-	71	-	(4)	6	-	-	-
	Ultimate Parent Group								
	Commerzbank AG Group	2 108 141	15 212 218	24 340	(354 723)	-	-	577 059	442 176

Numerical data concerning transactions with related entities (in PLN '000) - 31 December 2007

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

Numerical data concerning transactions with related entities (in PLN '000) - 30 September 2007

No.	Company's name	Balance sheet		Profit and Loss Account				Contingent commitments granted and received	
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	AMBRESA Sp. z o.o.	-	392	-	-	1	-	-	-
2	BRE Ubezpieczenia TU SA	-	15 424	3	(201)	3	-	-	-
3	BRELINVEST Sp. z o.o. Fly 2 Commandite company	-	2	-	(3)	1	-	-	-
4	BREL-MAR Sp. z o.o.	-	1	-	-	1	-	-	-
5	ServicePoint Sp. z o.o.	434	68	-	(12)	8	-	-	-
	Associated								
	Grupa Kapitałowa Commerzbank AG	-	1	-	(3)	4	-	-	-
	Ultimate Parent Group								
	Grupa Kapitałowa Commerzbank AG	494 072	8 220 980	18 932	(159 511)	-	-	32 781	1 248 585

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

As at 30 September 2008 no exposure under extended guarantees in excess of 10% of the equity occurred in the Bank.

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 15 July 2008 Mr Andre Carls, Member of the Management Board and Chief Financial Officer of the Bank, resigned from the office as of 4 September 2008.

  On the same day Mr Martin Blessing, Member of the Supervisory Board of the Bank, resigned from the office as of 4 September 2008.

- According to Resolution of the Supervisory Board of BRE Bank SA as of 5 September 2008 the following persons were appointed to the positions:

  1. Mr Andre Carls as a Member of the Supervisory Board and as Deputy Chairman of the Bank Supervisory Board as of 5 September 2008 until the end of the current term of office of the Supervisory Board, a Member of the Executive Committee of the Bank Supervisory Board, Member of the Audit Committee of the Bank Supervisory Board and a Member of the Risk Committee of the Bank Supervisory Board as of 5 September 2008 for the current term of office of the Supervisory Board,

  2. Ms Karin Katerbau as a Member of the Management Board, Bank Executive Director as of 5 September 2008 until the end of the current term of office of the Management Board,

  3. Mr Przemysław Gdański as a Member of the Management Board, Bank Executive Director as of 19 November 2008 until the end of the current term of office of the Management Board.

- In a resolution of 27 October 2008 the XVI Extraordinary General Meeting of BRE Bank SA approved the Bank Supervisory Board's appointment of Mr Andre Carls as a Member of the BRE Bank Supervisory Board.

29. Factors affecting the results in the coming quarter

On 21 July 2008 BRE Bank and Aegon Woningen Nova BV entered into agreement on sale of shares of Aegon PTE, being the property of the Bank. Sale of shares by BRE Bank is subject to the approval of Polish Financial Supervision Authority ("KNF"). Depending on the date of the KNF's decision, the Group, apart from current operating activity of both its companies and the Bank, will realize the result from the transaction of sale of Aegon PTE's shares in the fourth quarter of 2008.