



**BRE BANK SA**

# BRE Bank Group Results Q1-2 2006

The Financial Targets May Be Exceeded

*Management Board, BRE Bank SA*

*Presentation for Investors and Analysts  
2 August 2006*

[ THE BEST FINANCIAL INSTITUTION  
FOR DEMANDING CUSTOMERS ]



## ***Introduction***

Summary of Q1-2 2006 Results

## ***New Strategic Initiatives***

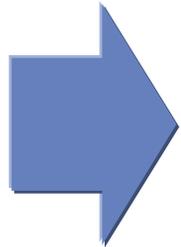
Expansion of the MultiBank Branch Network  
Bancassurance Project

## ***BRE Bank's Results, Q1-2 2006***

Business Line Results and Highlights  
Analysis of Financial Results Q1-2 2006

## ***Appendix***

Detailed Results of Business Lines, Q2 2006  
Additional Information: Selected Financial Data  
Macroeconomics



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# Summary of Q1-2 2006 Results



Q1-2 2006			Targets 2006
<b>PLN 180 M</b> Net Profit	<b>PLN 249 M</b> Pre-tax Profit		<b>PLN 380 M</b> Pre-tax Profit
<b>18.4% ROE</b> (Net)	<b>23.6% ROE</b> (Pre-tax)		<b>18.0% ROE</b> (Pre-tax)
	<b>10.4%</b> Solvency Ratio		<b>ca. 10.4%</b> Solvency Ratio
	<b>64.7%</b> C/I		<b>66.0%</b> C/I

*Unless indicated otherwise, the presented financial figures are for the BRE Bank Group*

# Summary of Q1-2 2006 Results



*Dynamic growth in  
balance sheet items*

*Continued very active presence  
in the financial markets*

*Ongoing improvement  
of the risk portfolio quality*

*ROE pre-tax  
much above the target  
(23.6% v 18% targeted for 2006)*

*C/I at 64.7%  
below the annual target (66%)*

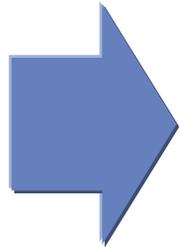
*In view of the Q1-2 2006 results,  
the Management of BRE Bank  
believe that*

***the 2006 financial targets  
may be exceeded***



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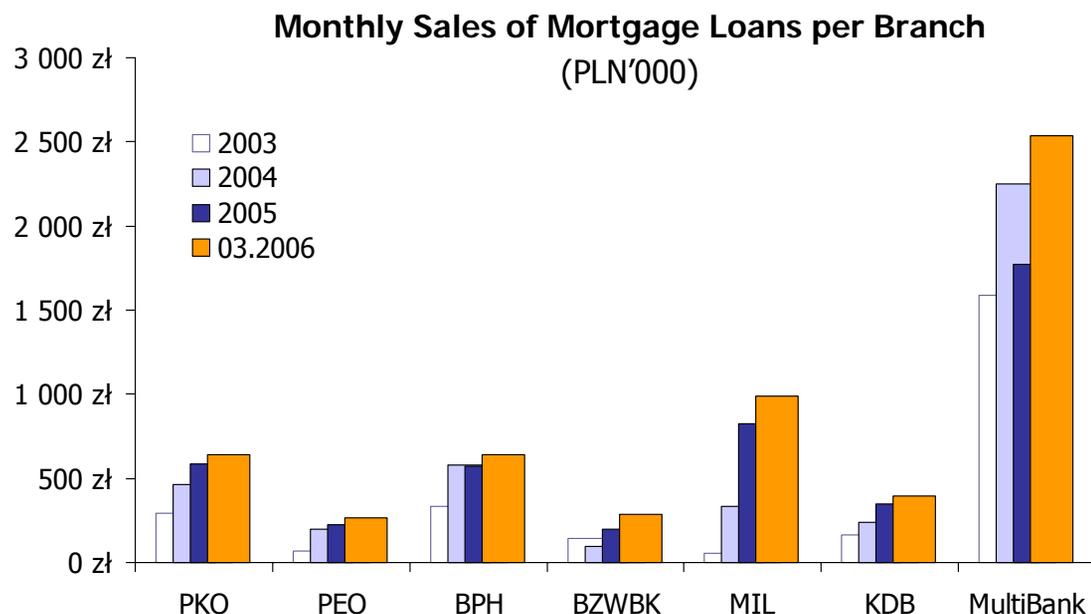
Macroeconomics

# New Strategic Projects

## Expansion of the MultiBank Branch Network (1/5)



### *The MultiBank branch network has proved successful in sales*



Source: ZBP (Polish Banks Association), Bankier

#### Average for Branches in Operation > 4 Years

<i>No. of customers</i>	<i>7,740</i>
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<i>No. of accounts</i>	<i>5,320</i>
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<i>Deposits (PLN M)</i>	<i>58</i>
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<i>Loans (PLN M)</i>	<i>254</i>
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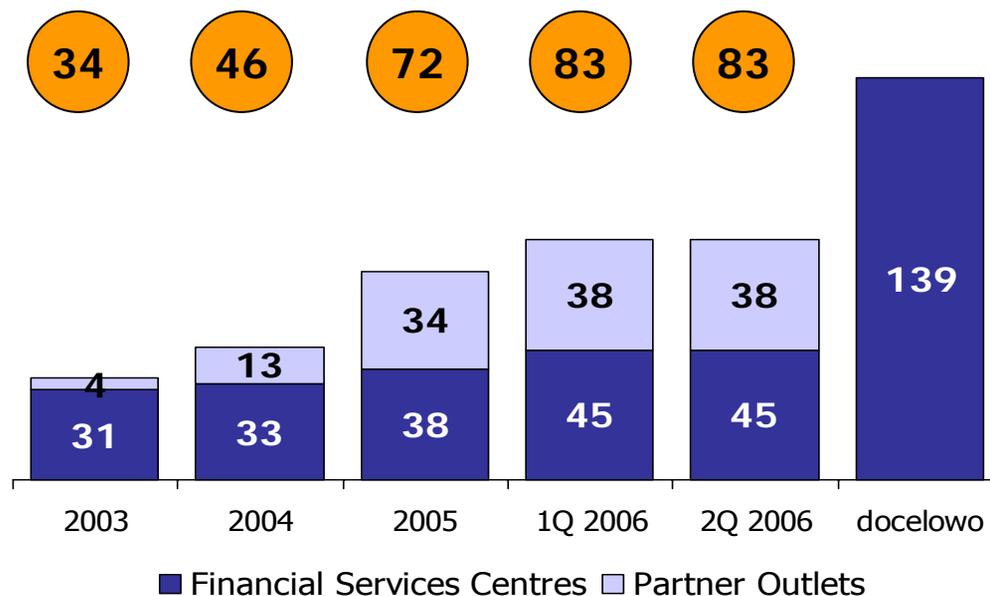
# New Strategic Projects

## Expansion of the MultiBank Branch Network (2/5)



### *Current branch network of MultiBank*

- *MultiBank had 83 Branches at the end of June 2006*
- *The MultiBank network did not change in Q2 2006*



# New Strategic Projects

## Expansion of the MultiBank Branch Network (3/5)



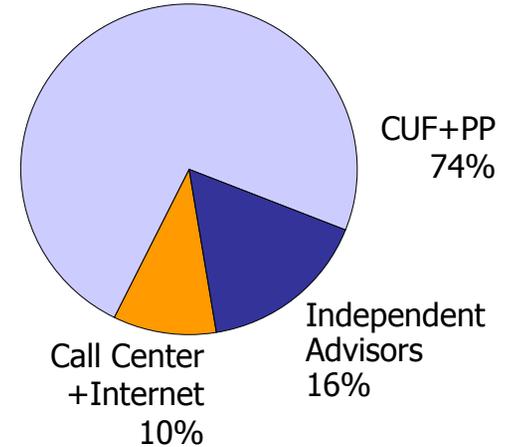
### Rationale of the Expansion

- Branches remain the main channel of customer acquisition
- Most existing branches in large cities will reach the point of saturation by 2009
- Technology with the capacity to support many more customers
- Personalised service will continue while growing the number of MultiBank customers

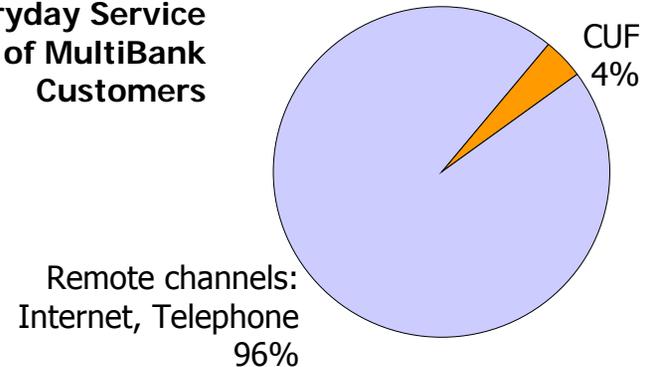
### Goals of the Expansion

- To tap the market potential in large cities (complementary to the existing CUF and PP network in cities with the best potential)
- To reach out to microenterprises in smaller cities and towns
- To grow the profitability of MultiBank after 2009 beyond the original targets

Customer Acquisition Channels Structure



Evryday Service of MultiBank Customers



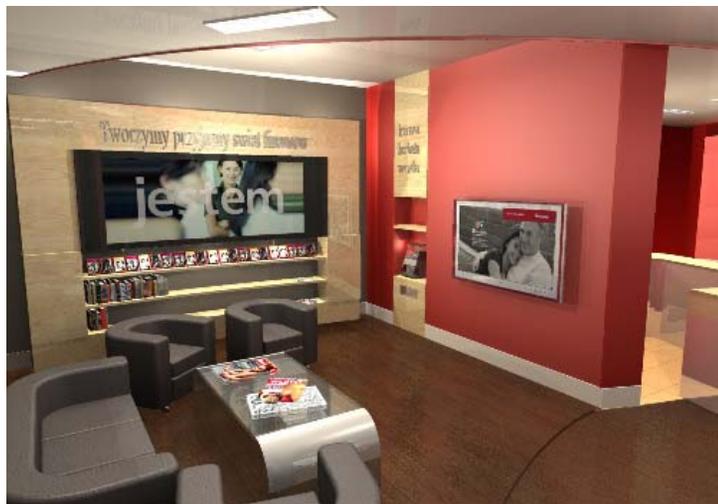
**Advice provided to customers at the turning points in their personal and professional life**

PP – Partner Outlet  
CUF – Financial Services Centre

# New Strategic Projects

## Expansion of the MultiBank Branch Network (4/5)

### *MultiBank Branch: On-going innovation*



#### *The MultiBank Branch of the Future*

- *Complements the existing network of CUF and PP in the cities of the largest potential*
- *Adjusts to service customers in the strategic segments (mass affluent)*
- *Activates the functions of sales and advisory, and undergoes major changes including:*
  - *Outsourcing of cash operations*
  - *New functionality and layout*
  - *Stronger role of the Meeter Greeter*
- *Remains the image leader*



	<b>Goals 2001</b>	<b>Actual 2001-2006</b>	<b>Branch of the Future</b>
<b>Core functions</b>	<i>Education</i>	<i>Sales</i>	<i>Sales</i>
	<i>Advisory</i>	<i>Transaction</i>	<i>Advisory</i>
	<i>Transaction</i>	<i>Advisory</i>	<i>Education</i>
<b>Auxiliary Functions</b>	<i>Sales support</i>	<i>Education</i>	<i>Transaction</i>
	<i>Communication &amp; image</i>	<i>Communication &amp; image</i>	<i>Communication &amp; image</i>

# New Strategic Projects

## Expansion of the MultiBank Branch Network (5/5)

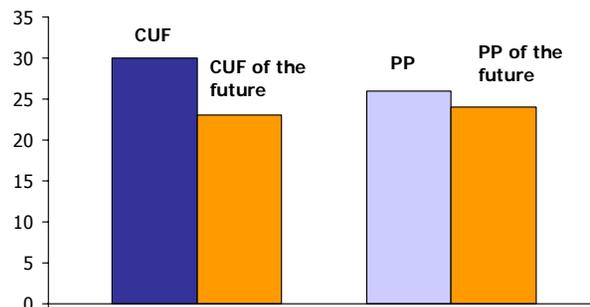
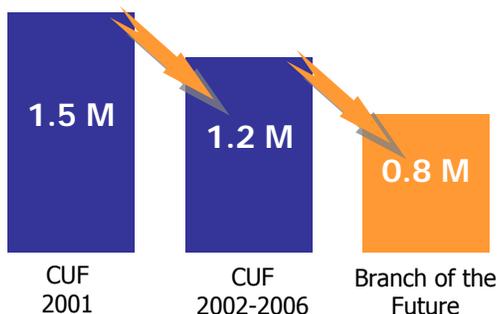


### Branch of the Future

**Lower capex...**  
(on average per branch, PLN)

**...to reach the break-even faster**  
(on average, months)

**Total cost approx. PLN 40 M**



**56 new Branches of the Future:**

- 30 Financial Services Centres (CUF) in the largest cities (population over 100 thousand)
- 26 Partner Outlets (PP) in smaller cities and towns (population 20-100 thousand)

Capex per branch down 30% (on average)  
Operating cost per branch down 25% (on average)

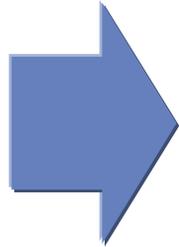
### Impact of the Project on MultiBank's pre-tax profit

	2006	2007	2008	2009	2010
PLN M	(6)	(21)	(4)	+31	+63



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## ***New Strategic Initiatives***

Expansion of the MultiBank Branch Network

**Bancassurance Project**

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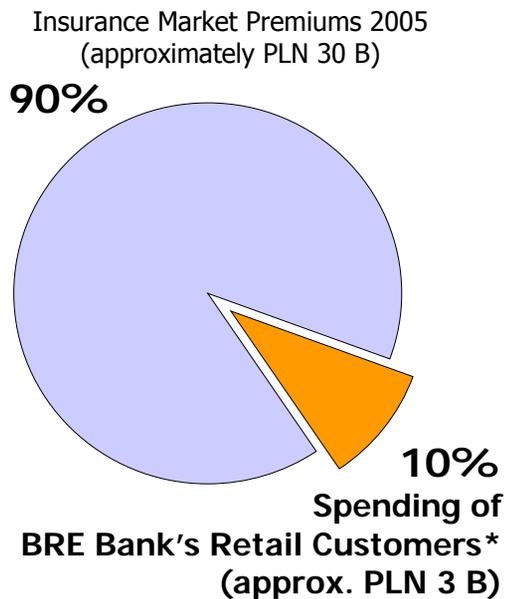
# New Strategic Projects

## Bancassurance Project

### Project Goals and Customer Profile



***Aware of the potential and profile of mBank and MultiBank customers...***



<i>Customer Group</i>	<i>Profile</i>		<i>Financial Needs</i>			
<b><i>Self-directed</i></b>	<i>Want to make independent financial decisions, look for best products and prices</i>		<i>Information, price, speed, control</i>			
<b><i>Validators</i></b>	<i>Partly interested in finance, expect advice in more complex decisions</i>		<i>Information, security, advice in complex transactions</i>			
<b><i>Delegators</i></b>	<i>Perceive finance as boring and frustrating; want others to make decisions</i>		<i>Advice</i>			
	<i>EU 7</i>	<i>Poland</i>	<i>Germany</i>	<i>Italy</i>	<i>France</i>	
<b><i>Self-directed</i></b>	45%	58%	67%	25%	44%	
<b><i>Validators</i></b>	37%	26%	27%	41%	36%	
<b><i>Delegators</i></b>	10%	4%	3%	21%	10%	
<b><i>Not categorised</i></b>	8%	11%	4%	13%	10%	

\* As declared by customers in a BRE Bank customer survey (only retail customers)

*mBank's target customer group*

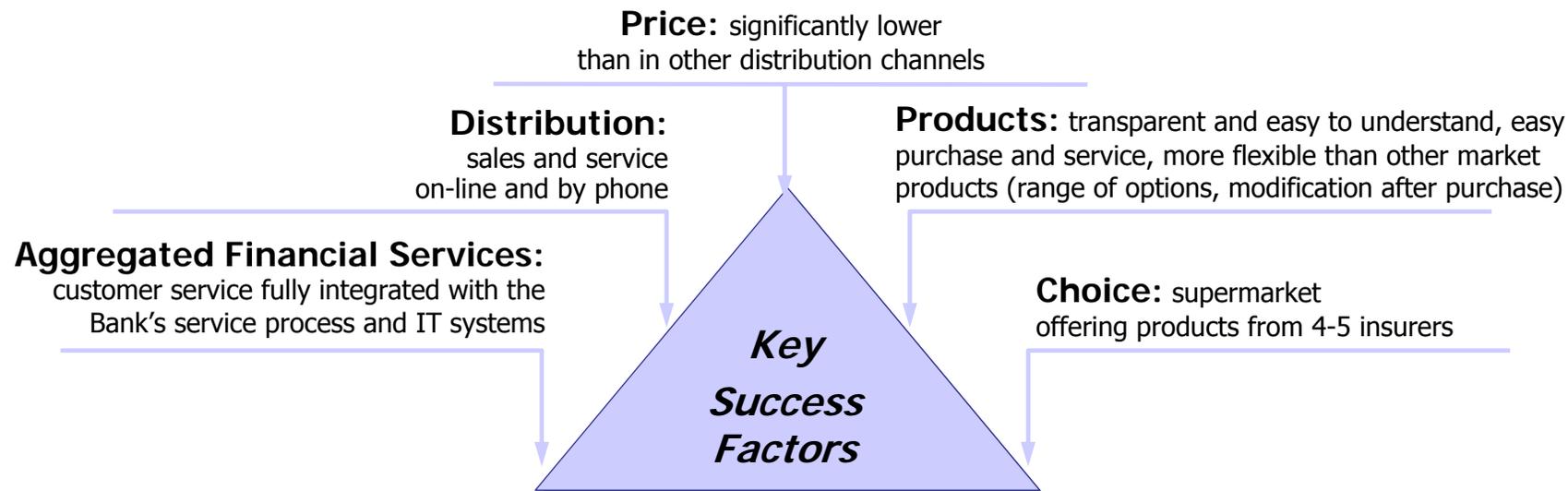
Source: Forrester Research

***...we want to prove that we can give them an attractive alternative to what insurance agents offer***

# New Strategic Projects

## Bancassurance Project

### BRE Ubezpieczenia - Business Model



***Insurance can be sold successfully  
if the product and the process fit the mBank and MultiBank mission***



Projected Impact on Financial Result of mBank + MultiBank  
PLN M

2007	2008	2009	2010
+1.1	+18.8	+45.7	+65.3

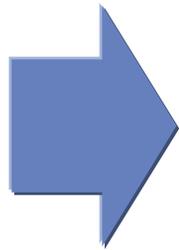


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## ***BRE Bank's Results, Q1-2 2006***

**Business Line Results and Highlights**

Analysis of Financial Results Q1-2 2006

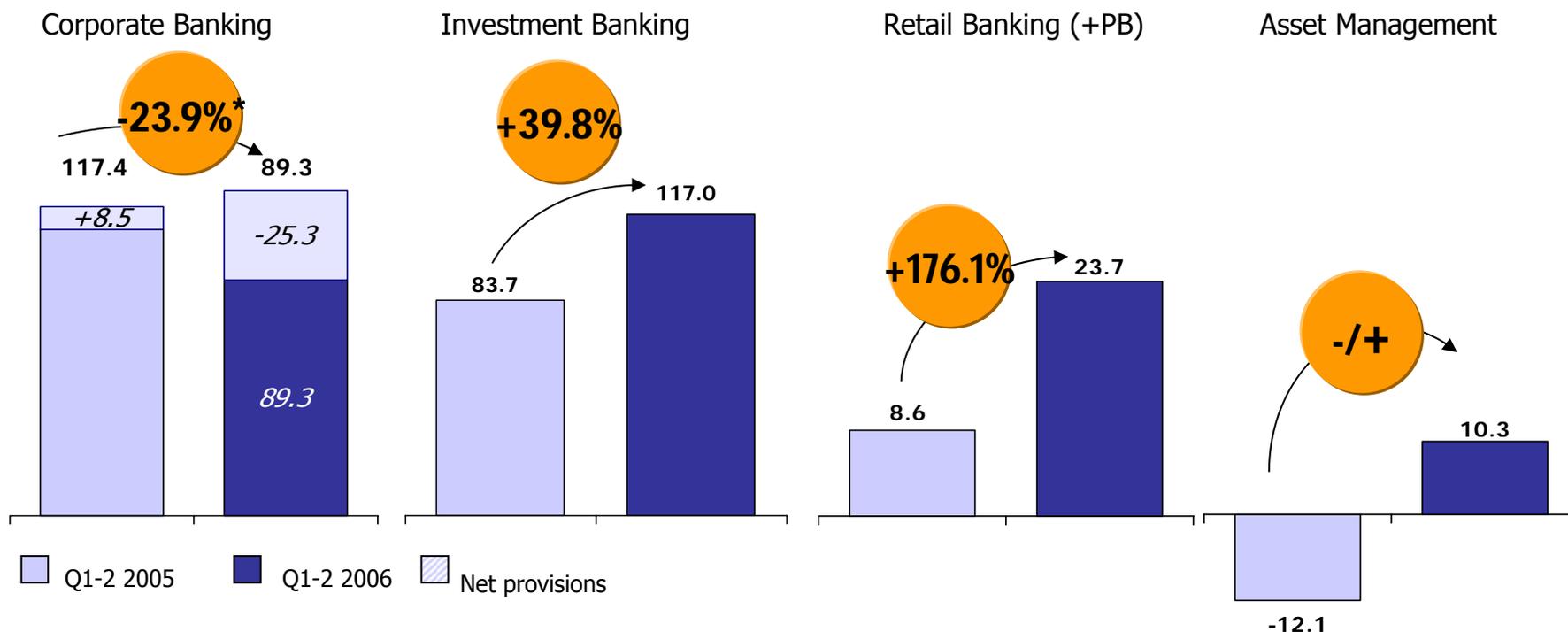
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# Business Line Results and Highlights, Q1-2 2006

Analysis of Results: Pre-tax Profit by Business Line (PLN M)

Pre-trax Profit by Business Line, Q1-2 2006 v Q1-2 2005  
(PLN M)



\* The results of the Corporate Banking Line in Q2 2005 include PLN 30 M of released provisions which had a significant impact on the Q2 2005 results (H1 2005 net provisions at +PLN 8.5 M v. H1 2006 net provisions at -PLN 25.3 M)

# Business Line Results and Highlights, Q1-2 2006

## Corporate Banking: Summary of Q2 2006



### Growing volumes

*Lending up 13.5% YTD*

*Deposits up 4.3% YTD and up 14.5% QoQ*

### Further improvement of profitability of subsidiaries

*Pre-tax profit up (YoY):*

*-BRE Bank Hipoteczny: up 58%*

*-BRE Leasing: up 86%*

### Continued expansion into the SME market

*- 1,150 new customers\*  
i.e. 20% more than  
in H1 2005*

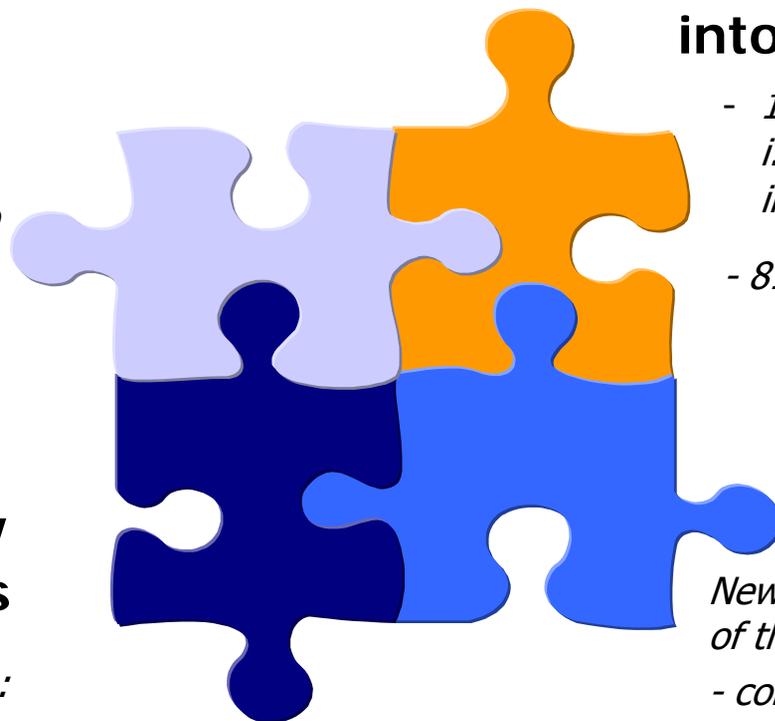
*- 81% are SME customers*

### New corporate branch standard

*New philosophy and role of the Branch:*

*- comfort, speed, quality of service*

*- Conference & business centre*

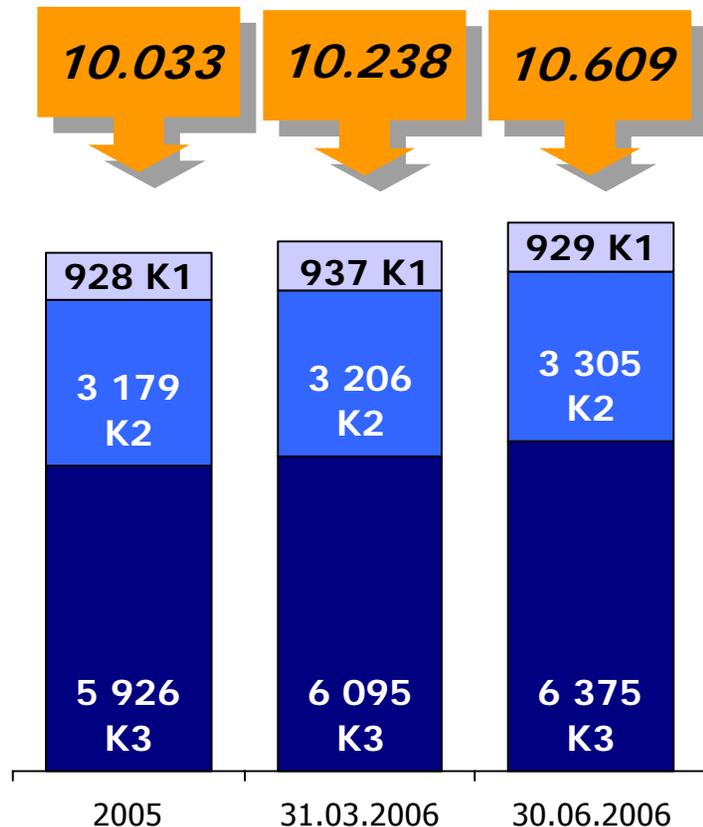


*\* Total new customers; gross growth*

# Business Line Results and Highlights, Q1-2 2006

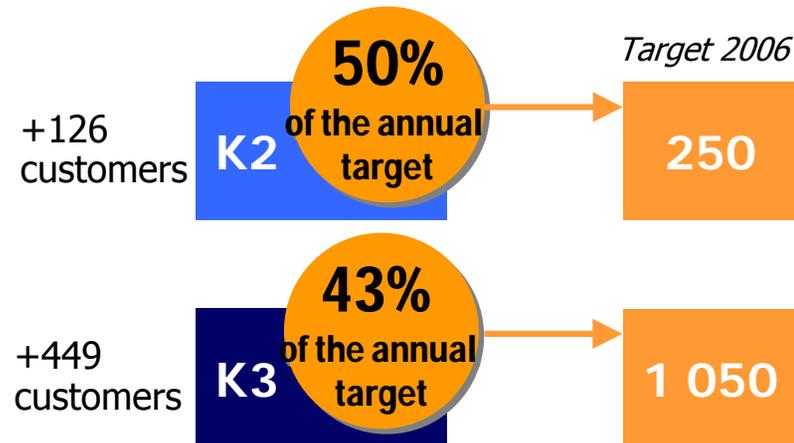
## Corporate Banking: Customers

Corporate Customers Number and Structure  
2005 v Q1-2 2006



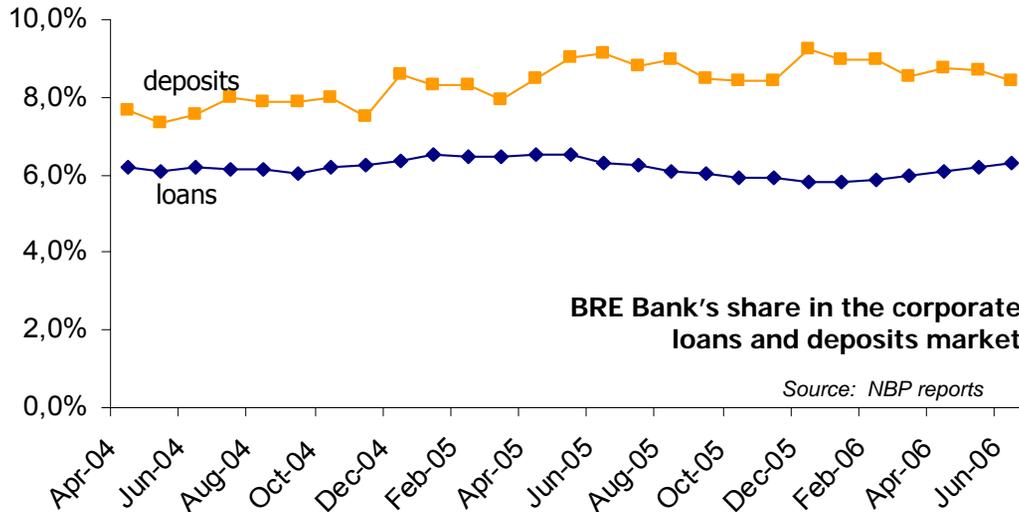
- The Bank had 10,609 corporate customers at the end of June 2006
- The number of K2 corporate customers up by 126 (net), K3 customers up by 449 year to date
- 576 new customers acquired year to date, including 371 corporate customers in Q2 alone

2006 Customer Acquisition Target and Actual  
(Net Number of New Corporate Customers)

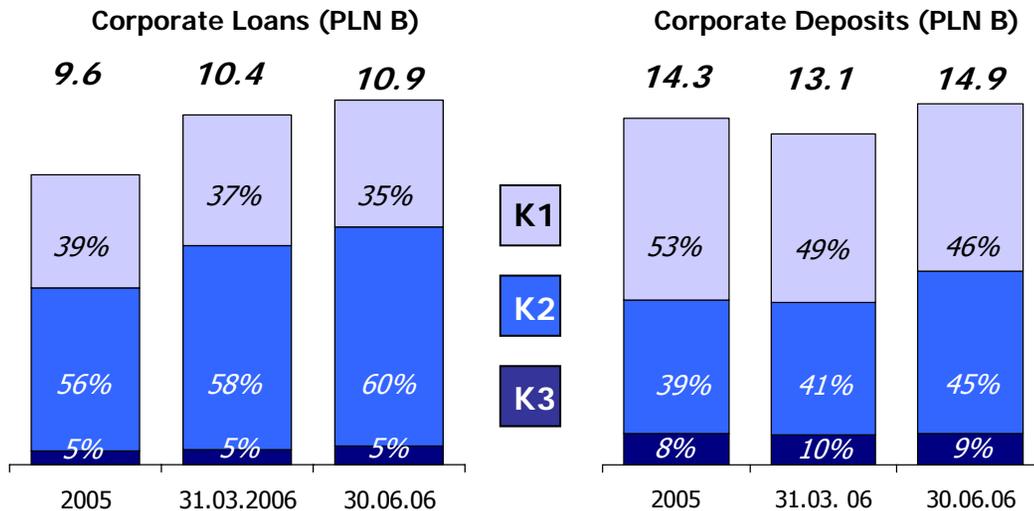


# Business Line Results and Highlights, Q1-2 2006

## Corporate Banking: Growth in Loans and Deposits



- **Lending\* up by 13.5% year to date**
- **Deposits\* up 14.5% (QoQ) in Q2 2006**
- **BRE Bank's corporate loans (PLN 8.3 B at the end of June, up 14% year to date) as a percentage of corporate loans in the sector were 6.3%, compared to 5.8% at the end of 2005 and 6.0% at the end of March 2006**
- **BRE Bank's corporate deposits as a percentage of corporate deposits in the sector were 8.4% in April 2006**



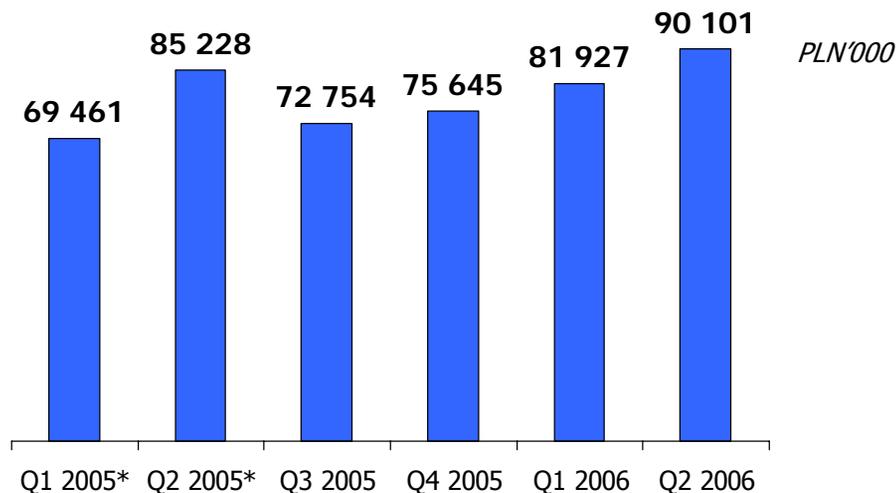
\* i.e. enterprises including the public sector, syndicated loans and project finance

# Business Line Results and Highlights, Q1-2 2006

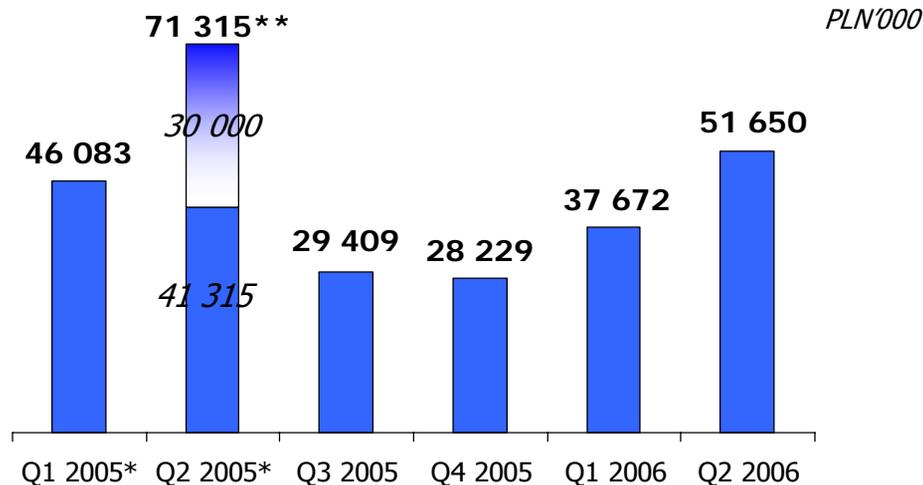
## Analysis: Net Interest Income and Pre-tax Profit of Corporate Banking

- *Pre-tax profit in Q1-2 2006 down by PLN 28 M YoY, mainly due to PLN 30 M provisions released in Q2 2005 following the repayment of NPLs*
- *Higher overhead costs of the Bank allocated to the Line (IT and credit risk projects)*
- *Net interest income helped by the growing loans portfolio, including the BBH mortgage loans*
- *Growing contribution of subsidiaries to the profitability of the Corporate Banking Line: share of over 63% in the pre-tax profit*

Net Interest Income



Line's Pre-tax profit



\* Q1 and Q2 2005 data based on Q1 and Q2 2006 quarterly reports

\*\*PLN 30 M of repaid lost debt

# Business Line Results and Highlights, Q1-2 2006

Retail Banking and PB: Summary of the Quarter



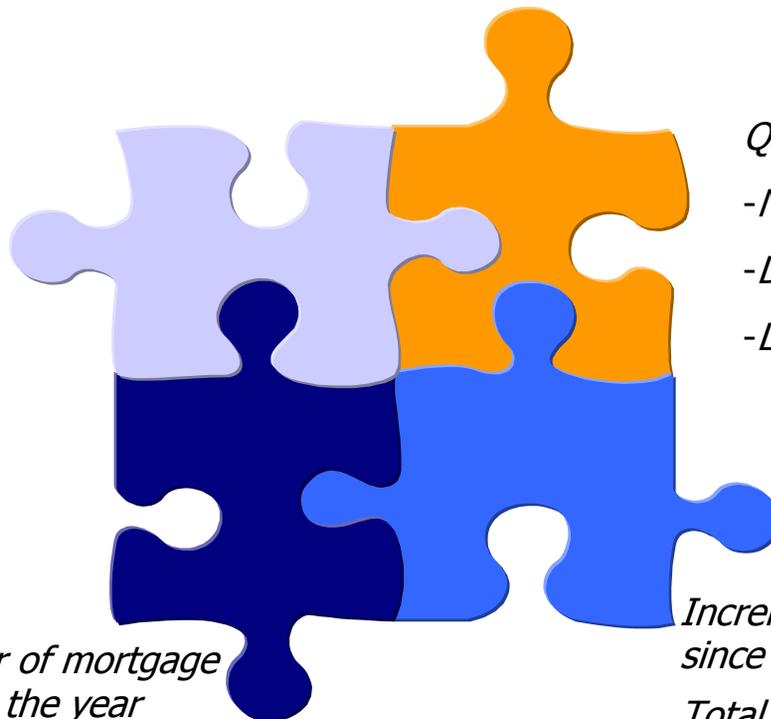
## Profitability

*Pre-tax profit  
PLN 23.7 M  
in Q1-2 2006*

## Leader in Mortgage Loans

*Fourth largest provider of mortgage loans five months into the year*

*Share in the market of new mortgage loans up from 5.8% at the beginning of February 2006 to 12.5% (ZBP, at May 2006)*



## Market Expansion

*QoQ growth:*

- Number of customers up 6.6%,*
- Deposits up 9.0%,*
- Loans up 26.4%*

## eBroker's Success

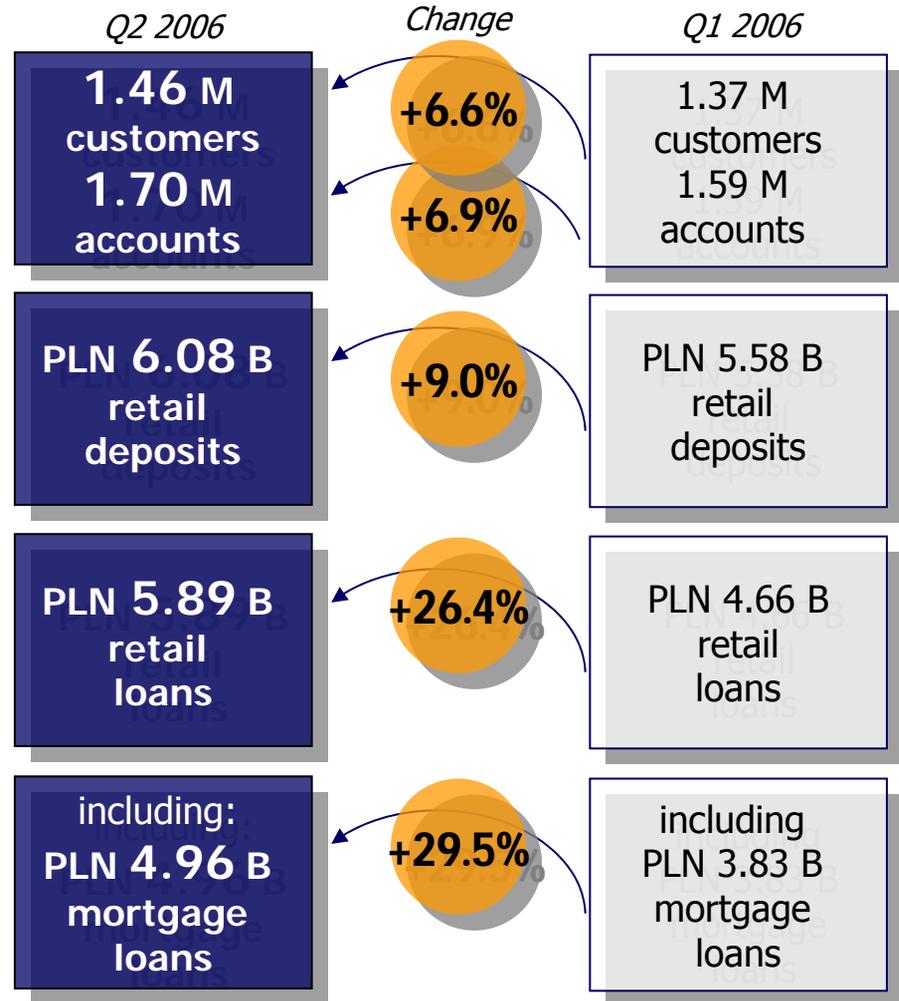
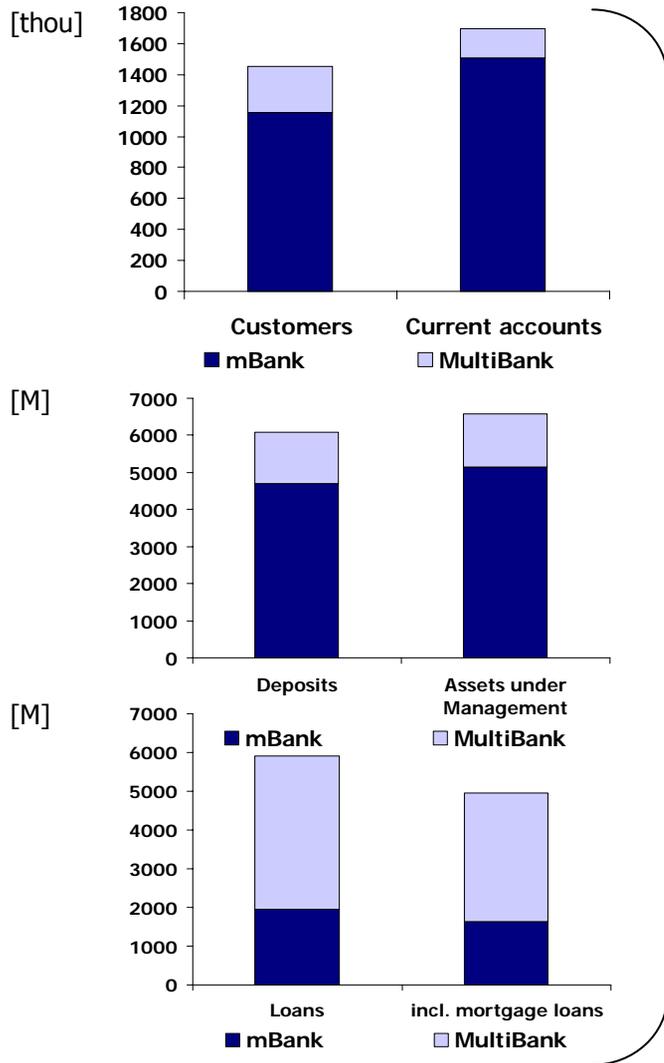
*Incremental sales at PLN 1.7 B since service launch*

*Total number of accounts over 23.5 thousand*

*eBroker and MultiBank brokerage customers generated 16% of BRE Bank Securities stock market trading in H1 2006*

# Business Line Results and Highlights, Q1-2 2006

## Retail Banking: Summary of the Quarter



# Business Line Results and Highlights, Q1-2 2006

## Retail Banking: Summary of the Quarter

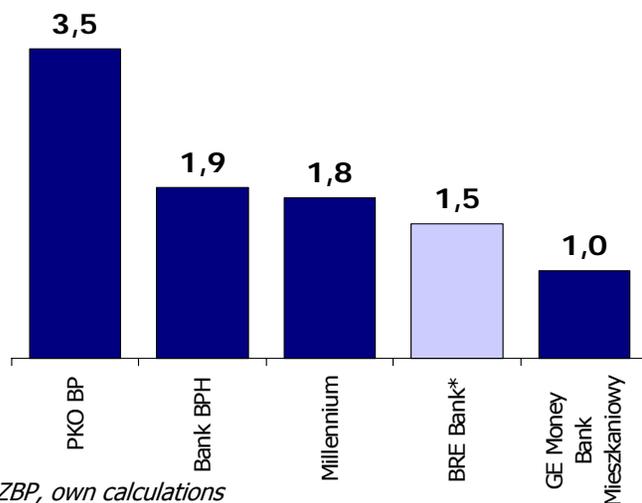
### ***BRE Bank: fourth largest provider of mortgage loans***

Fast growing share in the market of new mortgage loans: **12.5% share** of BRE Bank's Retail Banking Line at the end of May 2006 (up 5,8 pp since the end of February 2006)

### ***BRE's Retail Banking has 167 thousand microenterprise customers***

In Q2 2006, 10.7 thousand microenterprise customers were acquired (annual target: +30 thou); PLN 568.3 M loans granted to microenterprises at the end of June 2006, of which 55% were mortgage loans

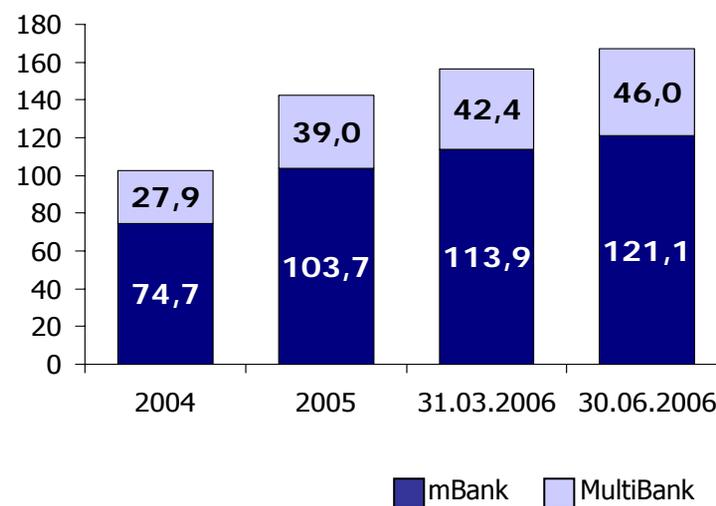
Banks by Value of Retail Mortgage Loans, by 31 May 2006 (PLN B)



Source: ZBP, own calculations

\*mBank+MultiBank

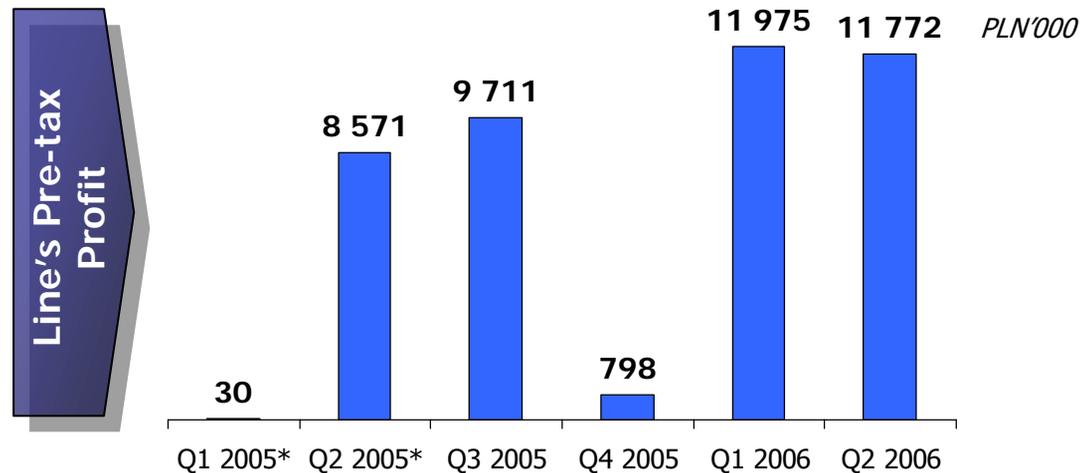
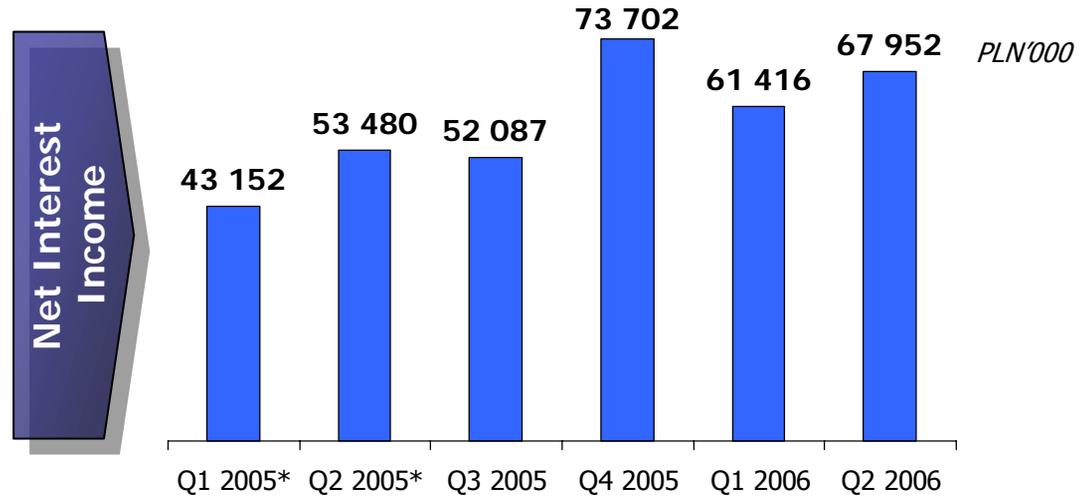
BRE Bank's Retail Banking Line Microenterprise Customers (thou)



# Business Line Results and Highlights, Q1-2 2006

## Analysis: Net Interest Income and Pre-tax Profit of Retail Banking (+PB)

- *Pre-tax profit up to PLN 23.7 M in Q1-2 2006 (vs. PLN 8.6 M in Q1-2 2005)*
- *Highest growth in total income among all Business Lines*
- *Highest growth in the BRE Bank Group:*
  - *Net interest income up 33.9% YoY*
  - *Net commission income up 57.4% YoY*
- *Growth in costs due to further expansion and network development (up 41% YoY), higher than the Group average, but much lower than the growth in income*
- *Contribution of the Line to the Group's pre-tax profit up from 4.4% in Q1-2 2005 to 10% in Q1-2 2006*



\* Q1 and Q2 2005 data based on Q1 and Q2 2006 quarterly reports

# Business Line Results and Highlights, Q1-2 2006

## Investment Banking: Summary of the Quarter

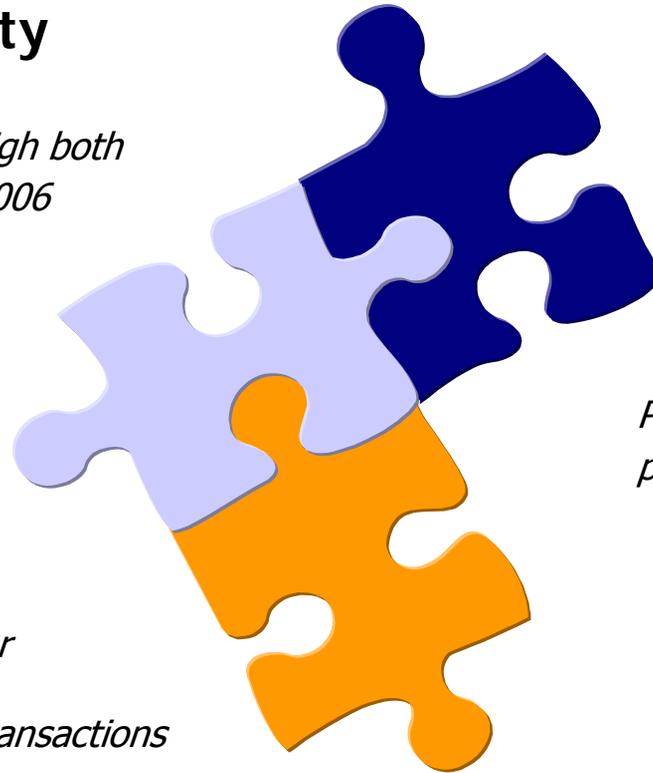


### Continued High Profitability

*Pre-tax profit high both in Q1 and Q2 2006*

### Trading Profit Still High

*Another very good quarter in fx trading, a much higher share of transactions with corporate customers*



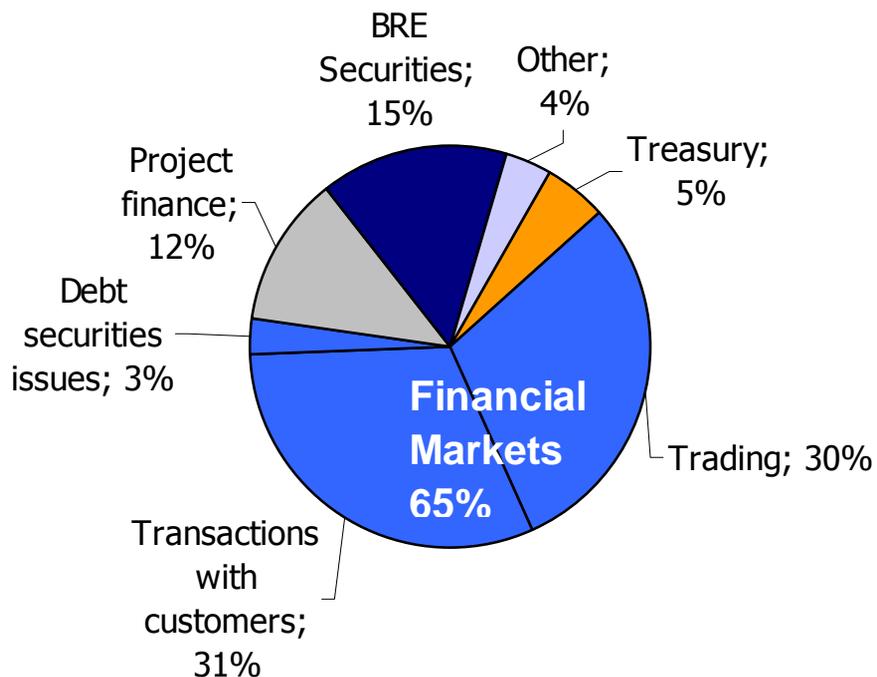
### Reduction of Proprietary Investments

*Proprietary investments portfolio down by 54% YoY*



### *Fast Growing Share of Recurring Transactions*

**Investment Banking Line's Income Structure  
H1 2006**



- *Growing share of recurring transactions: transactions with customers, debt securities issues, project finance, Treasury, and DI BRE*

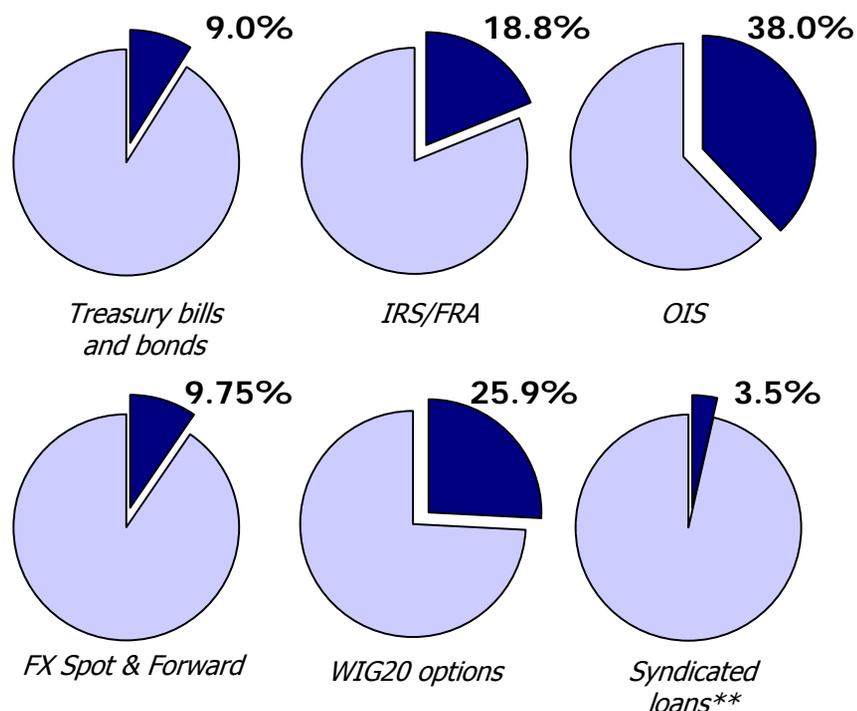
*The vast majority of the trading volume realised as a market maker*

*Corporate customers' interest in hedging rose due to increased volatility of financial markets*

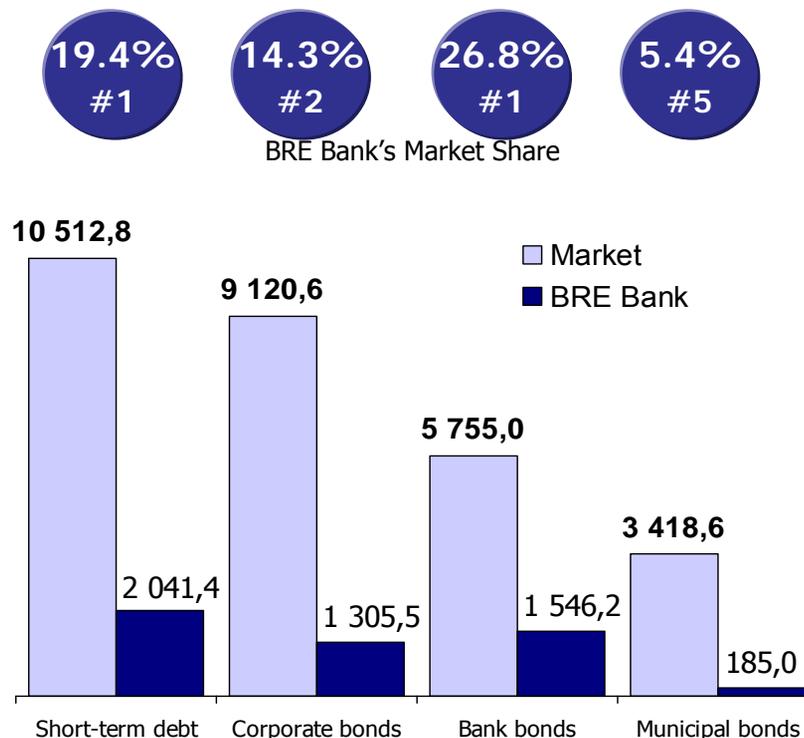
# Business Line Results and Highlights, Q1-2 2006

## Investment Banking: Market Share and Position

### BRE Bank's Market Share\* in Investment Banking Services (BRE – in navy blue)



### BRE Bank in the Market of Non-Treasury Debt\*\*\* at 30.06.2006 (PLN M)



\* At 31.05.2006; own calculations based on NBP and GPW figures

\*\* At 31.12.2005

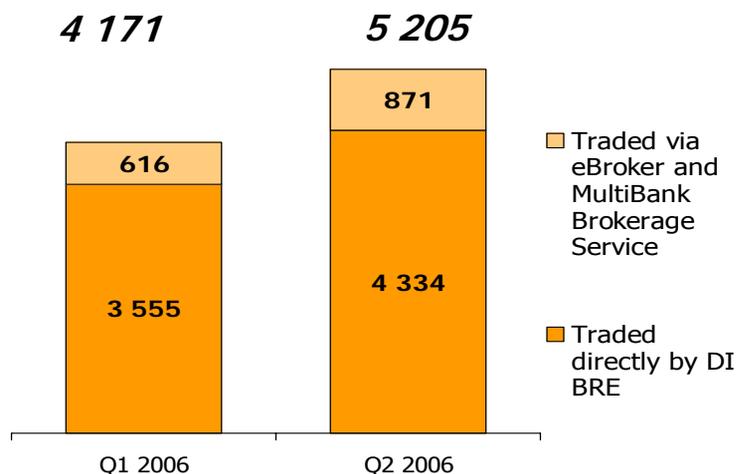
\*\*\* After Fitch Polska S.A., Rating & Rynek, 30.06.2006 and own calculations

# Business Line Results and Highlights, Q1-2 2006

## Investment Banking: BRE Bank Securities (DI BRE)

- *DI BRE pre-tax profit PLN 13.4 M (up 22.6% year on year)*
- *DI BRE equities trading PLN 9.4 B in H1 2006*
- *DI BRE trading up in H1 2006 much above the market average: DI – trading up by a factor of 3 YoY; GPW – trading up by a factor of 2.2*

### DI BRE Equities Trading, H1 2006 PLN M



### DI BRE Market Share after Q2 2006, trading volume \*

Equities	5.8 %	#7
Bonds	2.0 %	#8
Futures	13.6 %	#2
Options	38.6 %	#1

\* Based on GPW, DI, PBD figures

- *DI BRE market share in equities trading up from 4.1% in 2005 (3.8% in H1 2005) to 5.8% in H1 2006*
- *Growth driven by the expanding share of eBroker and Brokerage Service in DI BRE's volume (from 14.8% in Q1 2006 to 16.7% in Q2 2006)*

<i>No of accounts with DI BRE</i>	<i>19.7 thou</i>
<i>eMakler (mBank)</i>	<i>23.5 thou</i>
<i>Brokerage Service (MultiBank)</i>	<i>1.6 thou</i>
<b>TOTAL</b>	<b>44.8 thou</b>

# Business Line Results and Highlights, Q1-2 2006

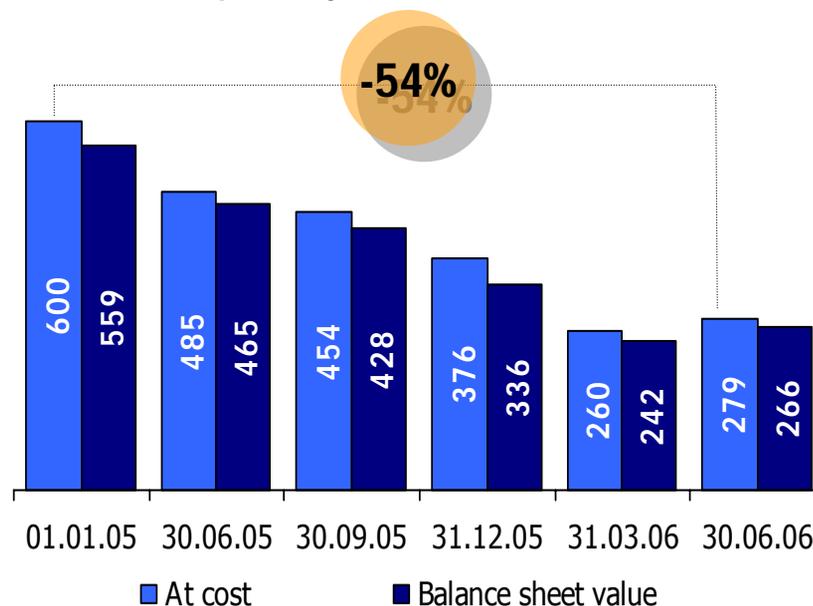
## Investment Banking: Proprietary Investments

- *At the end of Q2 2006, the Bank's proprietary investments portfolio was PLN 279.2 M at cost*
- *The portfolio was down by PLN 97.1 M, or 26%, compared to the 2006 opening balance*
- *The major transaction of Q2 2006 was the renegotiation of agreements with NIFs and an additional payment of PLN 25 M for the shares of Vectra SA*

<i>Major Proprietary Investments at 30.06.2006</i>	<i>Share in equity</i>
<i>Vectra SA*</i>	18.89%
<i>PZU SA</i>	0.76%
<i>Garbary Sp. z o.o.</i>	100.00%
<i>Novitus SA</i>	10.00%

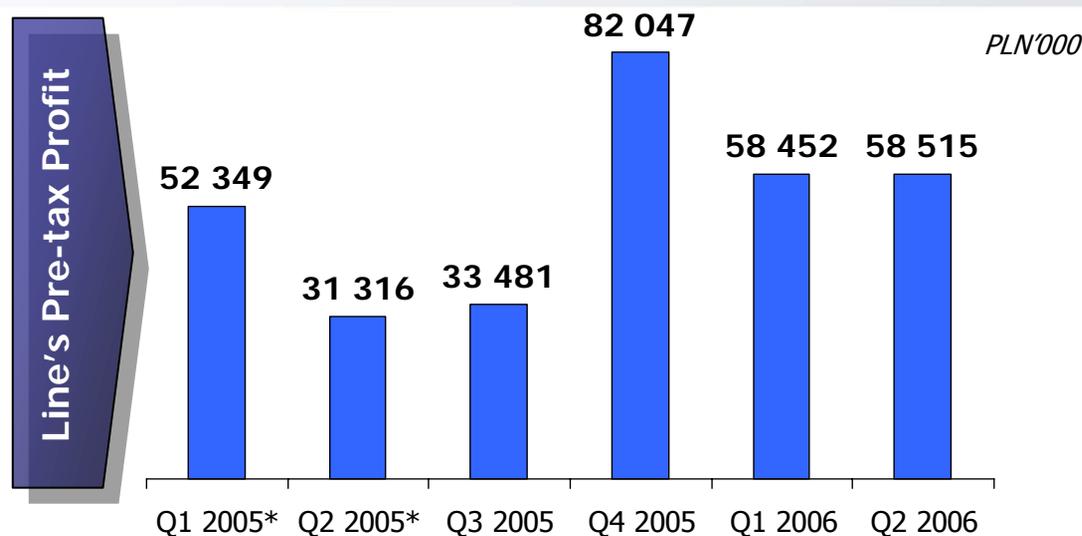
*\*Share in votes: 11.20%*

Proprietary Investments (PLN M)



# Business Line Results and Highlights, Q1-2 2006

Analysis: Net Interest Income and Pre-tax Profit of Investment Banking



- **Pre-tax profit of PLN 58.5 M close to the Q1 2006 profit and up 87% year on year**
- **Profit growth driven mainly by the Bank's growing trading income\*\***
- **Corporate customers more actively buying hedging instruments, especially in May and June**
- **DI BRE's growing contribution and positive impact of released NPL provisions in project finance**

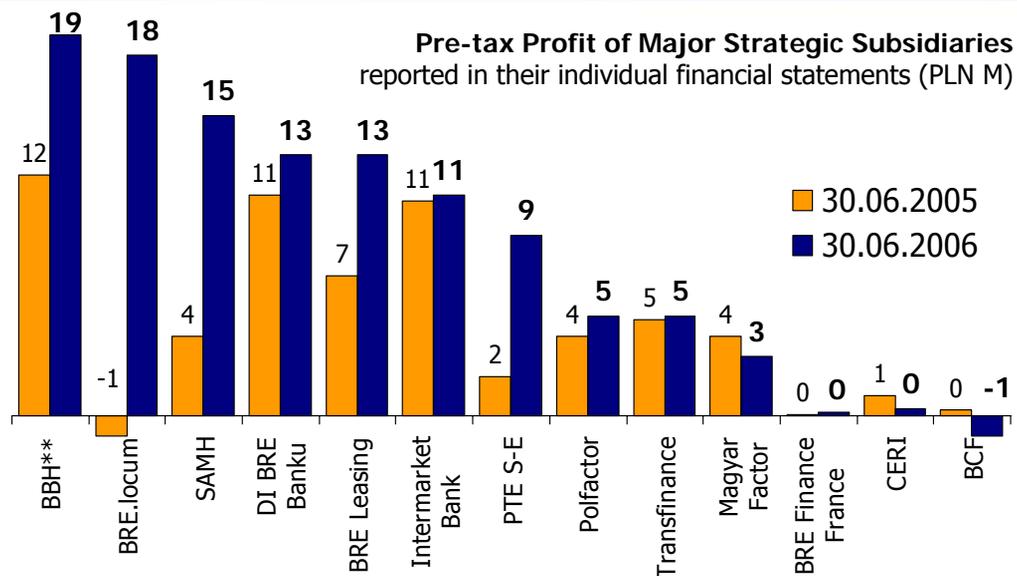
\* Q1 and Q2 2005 data based on Q1 and Q2 2006 quarterly reports

\*\* includes trading on financial instruments and sales to corporate customers of the Bank

# Business Line Results and Highlights, Q1-2 2006

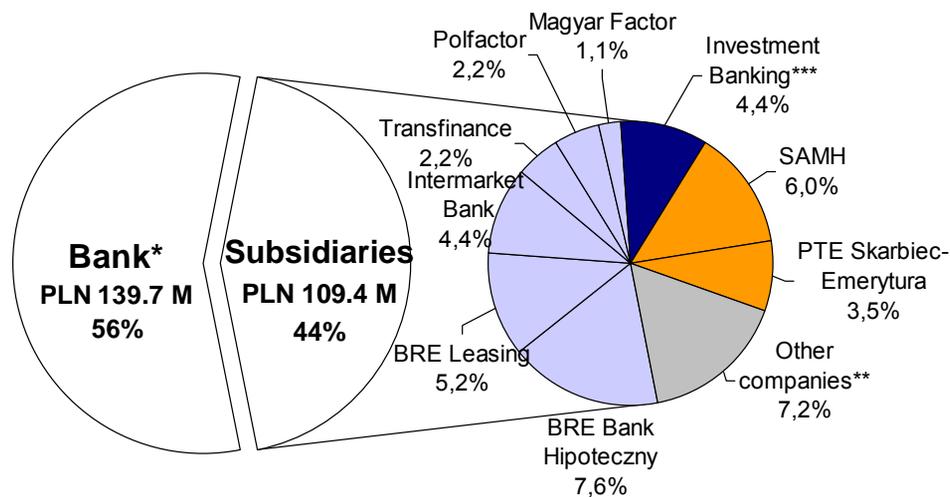
## Results of the Strategic Subsidiaries

- Strategic investments at PLN 769.3 M\*
- Up by PLN 225.5 M, mainly the acquisition of 100% of BRE Bank Hipoteczny (January 2006) and capital increase at BBH (April 2006)
- The strategic subsidiaries generated **PLN 110.1 M of pre-tax profit** (up 84% YoY)



\*) Balance sheet value at 30.06.2006

\*\*) BBH H1 2005 results under PAS



### BRE Bank Group Subsidiaries' Contribution to the Pre-tax Profit

- Subsidiaries:
- Corporate Banking
  - Investment Banking
  - Asset Management

\* Bank's pre-tax profit less consolidation adjustments (ca. PLN 11.9 M)

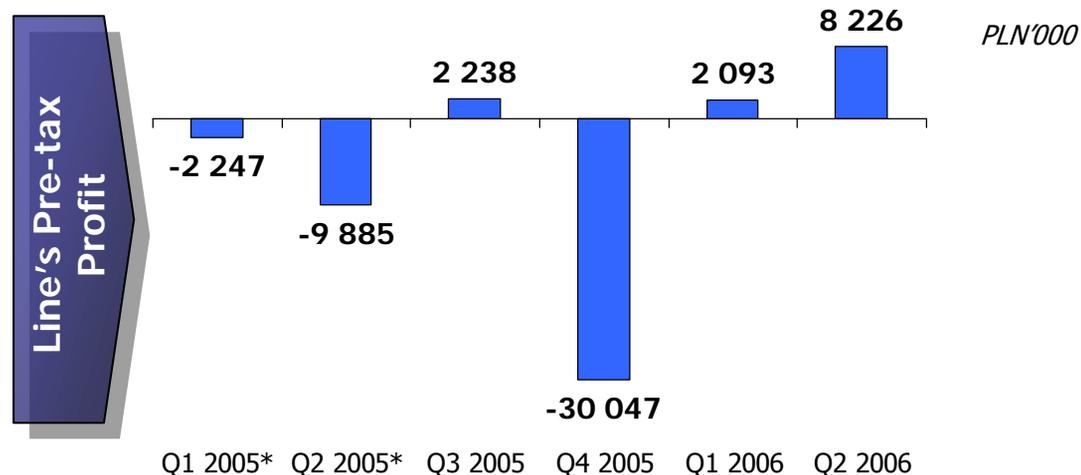
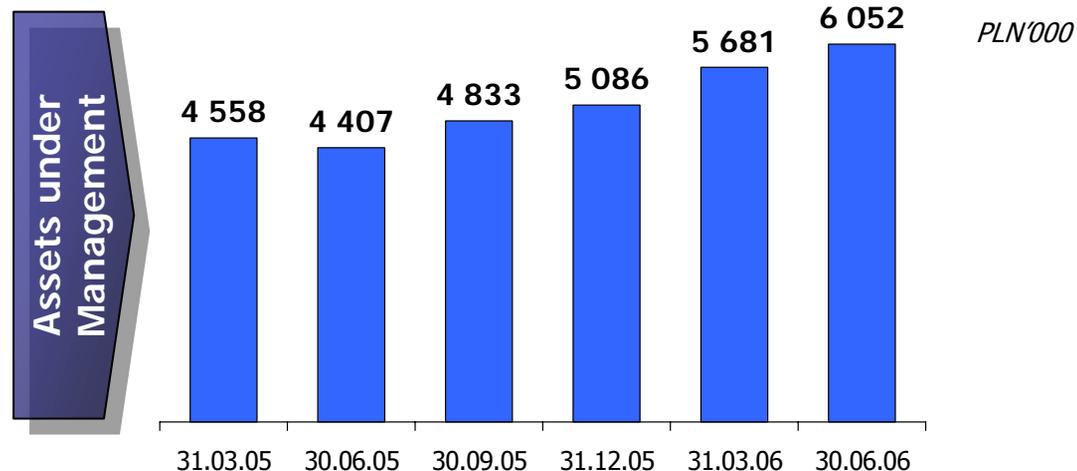
\*\* Other companies: BRE.locum, CERI

\*\*\* The Investment Banking Line includes: DI BRE, BRE Corporate Finance, BRE Finance France, Tele-Tech Investment, Garbary

# Business Line Results and Highlights, Q1-2 2006

## Analysis: Net Interest Income and Pre-tax Profit of Asset Management

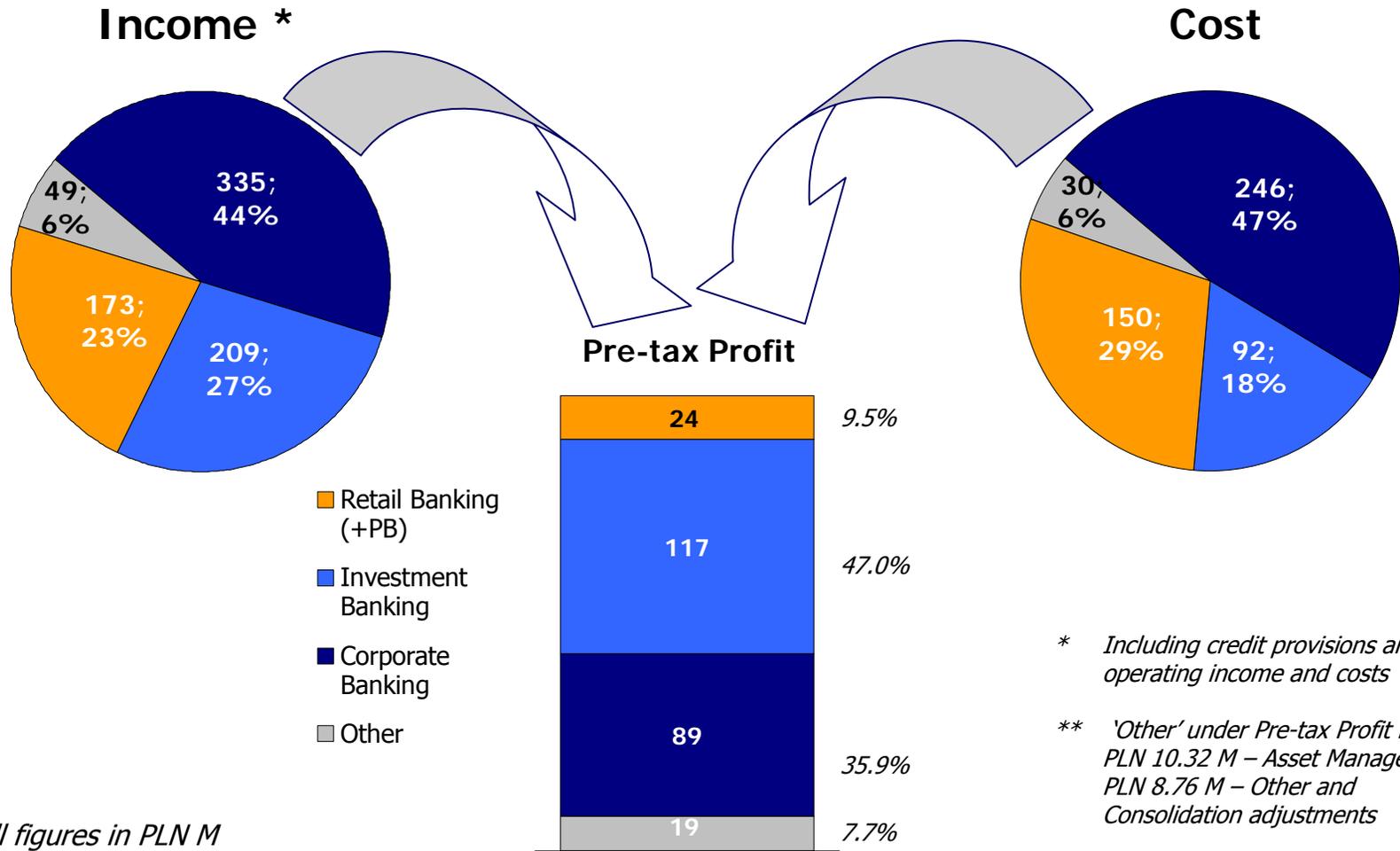
- *The Asset Management Line reported a PLN 8.6 M pre-tax profit in Q2 2006, compared to a PLN 9.8 M loss in Q2 2005*
- *High growth in net commission income crucial to the Line's operating profit YoY growth*
- *PTE Skarbiec-Emerytura generated an individual pre-tax profit of PLN 8.6 M in H1 2006 and Skarbiec Asset Management Holding a pre-tax profit of PLN 15.1 M*



\* Q1 and Q2 2005 data based on Q1 and Q2 2006 quarterly reports

# Business Line Results and Highlights, Q1-2 2006

## Structure of BRE Bank Group Results



All figures in PLN M

\* Including credit provisions and other operating income and costs

\*\* 'Other' under Pre-tax Profit includes:  
 PLN 10.32 M – Asset Management  
 PLN 8.76 M – Other and Consolidation adjustments

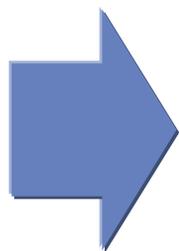


## *Introduction*

Summary of Q1-2 2006 Results

## *New Strategic Initiatives*

Expansion of the MultiBank Branch Network  
Bancassurance Project



## ***BRE Bank's Results, Q1-2 2006***

Business Line Results and Highlights

**Analysis of Financial Results Q1-2 2006**

## *Appendix*

Detailed Results of Business Lines, Q2 2006  
Additional Information: Selected Financial Data  
Macroeconomics

# Analysis of Financial Results, Q1-2 2006



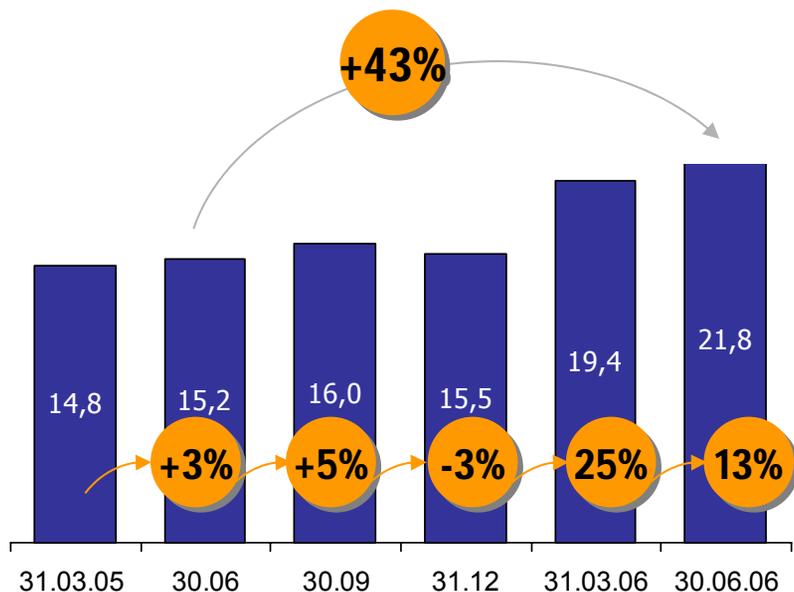
Q1-2 2006 (PLN M)		Change YoY		Change QoQ **	
Total income	920.4	+32.8%	↑	+12.5%	↑
Total cost	(638.4)	+31.4%	↑	+12.1%	↑
Operating profit*	282.0	+35.9%	↑	+13.4%	↑
Net provisions	(32.8)	+208.3%	↑	-54.8%	↓
Pre-tax profit	249.1	+26.7%	↑	+27.5%	↑
Net profit	180.4	+24.8%	↑	+28.6%	↑

\* Before provisions

\*\* Against the quarterly results published on 28 April 2006

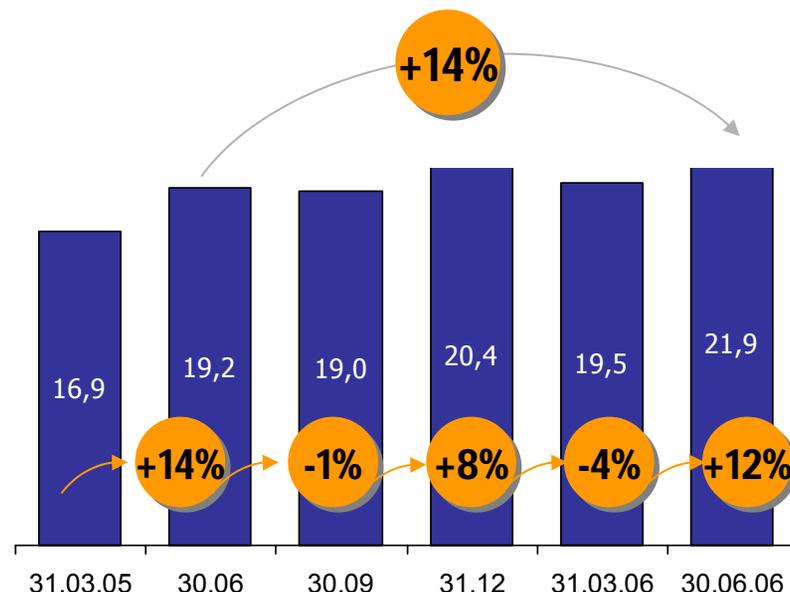
# Analysis of Financial Results, Q1-2 2006

## Loans and Deposits



### Loans:

- *Loan portfolio continues to grow fast: up 12.7% QoQ (up 43% YoY including the consolidation of BBH)*
- *Loan portfolio growing above the market average (market up 6% QoQ), mainly due to expansion in retail loans and further QoQ growth in corporate loans*



### Deposits:

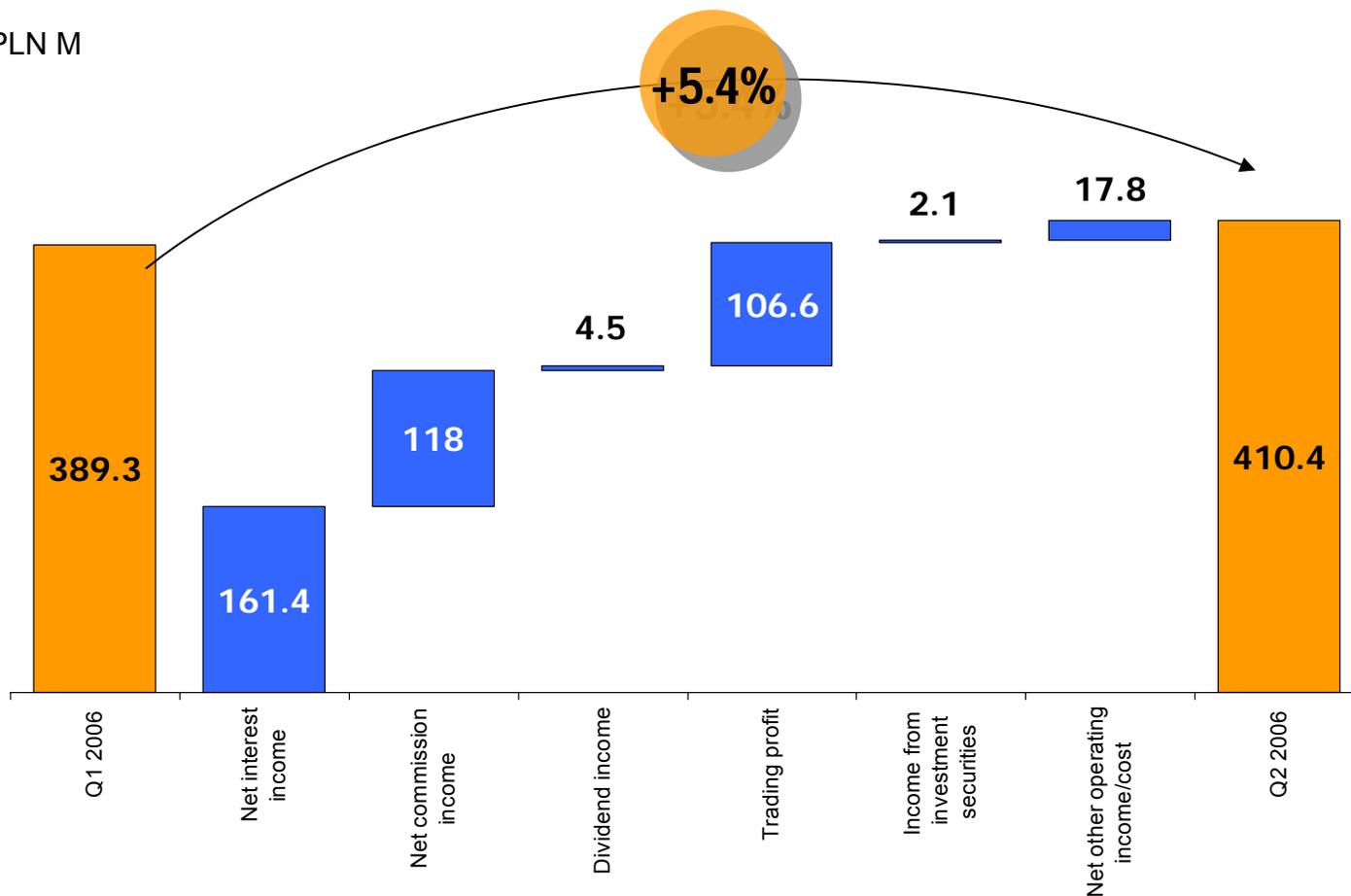
- *Deposits YoY growth above the market average (BRE Bank: up 14% v. market up 10%)*
- *Following the seasonal decline in Q1 2006, corporate deposits picked up (up 10% YoY and 17.5% QoQ)*

# Analysis of Financial Results, Q1-2 2006

Income (Q1 2006 v. Q2 2006)



PLN M

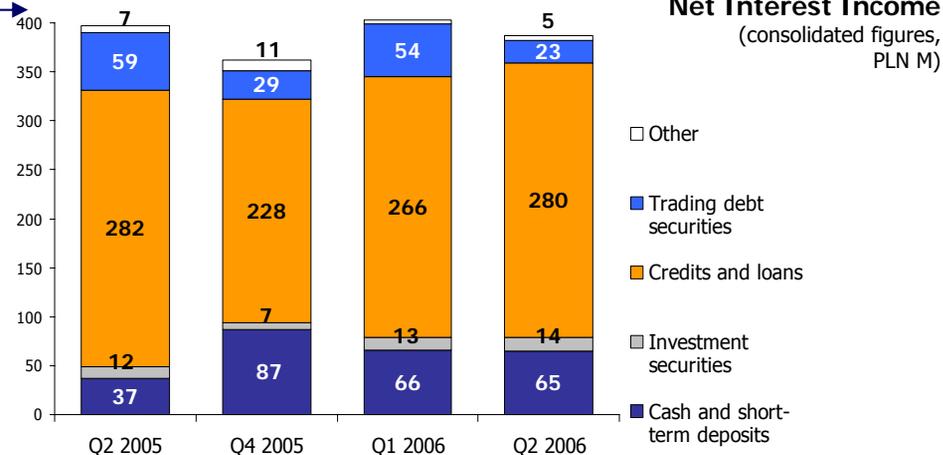


# Analysis of Financial Results, Q1-2 2006

## Net Interest Income, Net Commission Income (Q1 2006 v. Q2 2006)

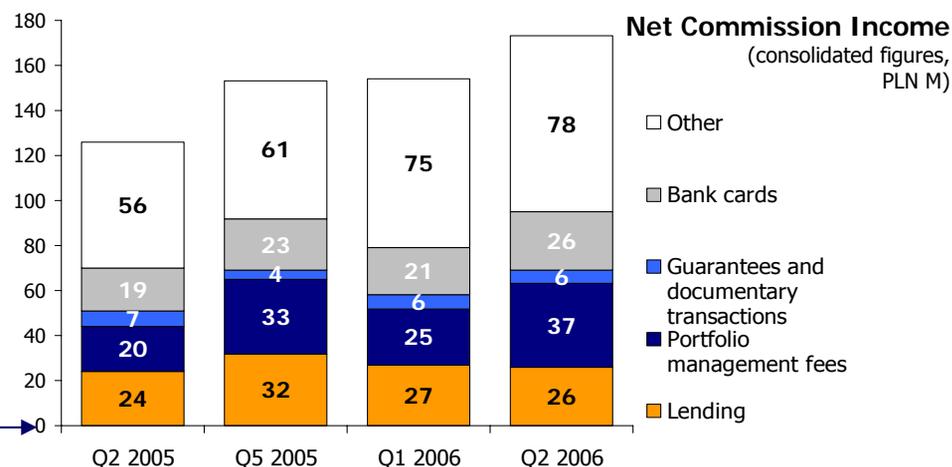
### Net Interest Income

- Down 5.7% QoQ due to the decline in the bonds market
- As a result, the interest margin down to 2.05% p.a., compared to 2.24% p.a. in Q1 2006 and 2.19% p.a. at the end of 2005
- Positive impact of the growing loans portfolio: interest on loans up 5.2% QoQ



### Net Commission Income

- Up 6.1% QoQ and 30.6% YoY
- Highest growth in: portfolio management fees (up 46.5% QoQ), broker's fees (up 22.4% QoQ) and bank card fees (up 22.7% QoQ)



\* BRE Bank Group margin as net interest income to net assets

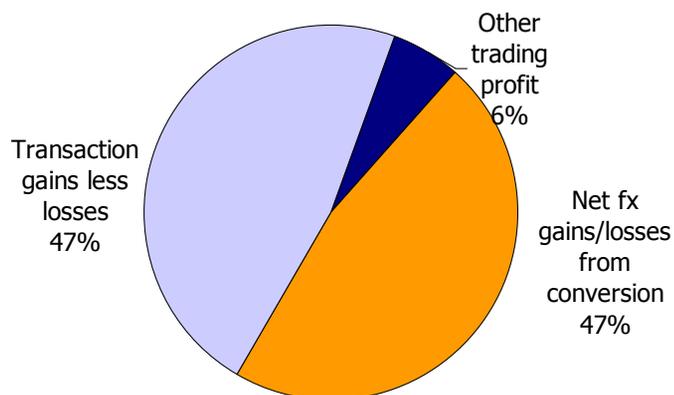
# Analysis of Financial Results, Q1-2 2006

## Trading Profit (Q1 2006 v. Q1-2 2006)



**PLN 196.1 M**

**Trading Profit  
Q1-2 2006**

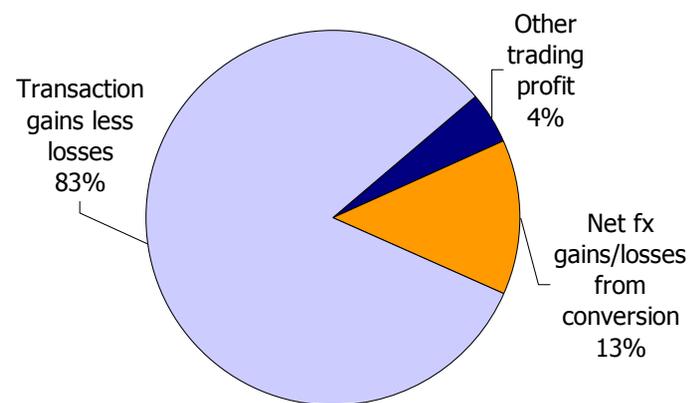


*Other trading profit includes:*

- + PLN 14.0 M on market risk instruments
- PLN 5.5 M on equities
- + PLN 3.2 M on interest rate instruments

**PLN 89.5 M**

**Trading Profit  
Q1 2006**



*Other trading profit includes:*

- PLN 8.8 M on market risk instruments
- PLN 5.1 M on equities
- + PLN 17.8 M on interest rate instruments

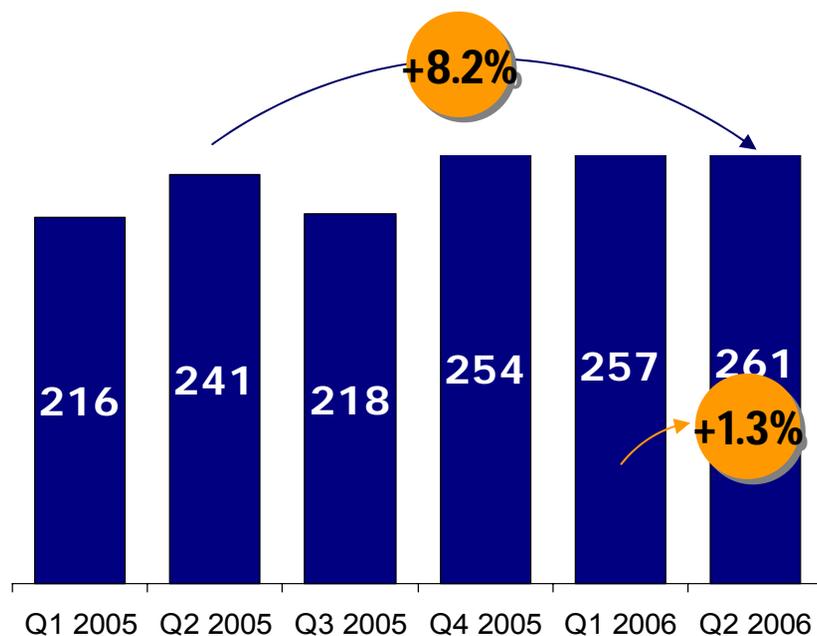
***Positive trend in trading sustained, share of transactions  
with corporate customers growing considerably***

# Analysis of Financial Results, Q1-2 2006

## Cost



BRE Bank Group Overhead Costs (+Amortisation/Depreciation)  
by Quarter (PLN M)



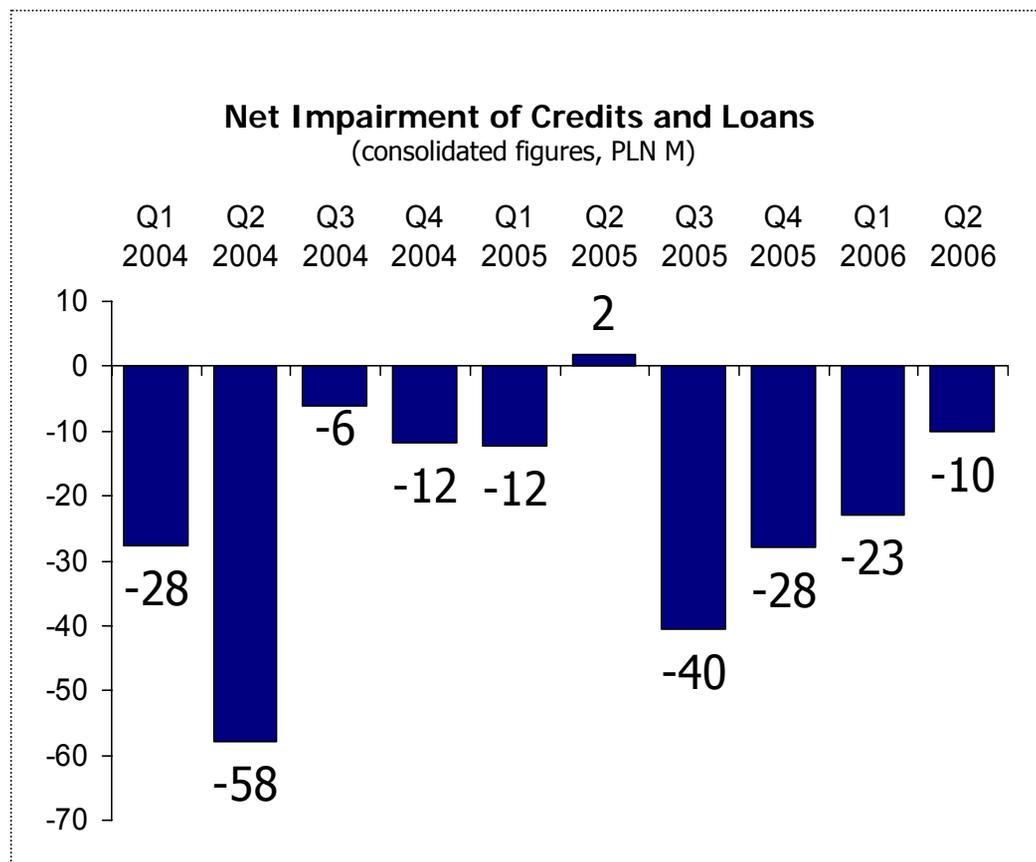
Q2 2005 figures based on the Q2 2006 report

**C/I down to 64.7% in Q2 2006, below the 2006 financial target (66%)**

- **Overhead costs up 1.65% QoQ, to PLN 220 M in Q2 2006**
- **Stable amortisation/depreciation: down 0.3% QoQ**
- **YoY growth in costs due to:**
  - Consolidation of BRE Bank Hipoteczny
  - Expansion of retail banking and the branch network
  - Bonus provisions (Bank): PLN 42.5 M in H1 2006 (PLN 41.5 M in H1 2005)
  - Amortisation/depreciation up 19.3% YoY due to the implementation of IT systems, both at the Bank and the Group subsidiaries



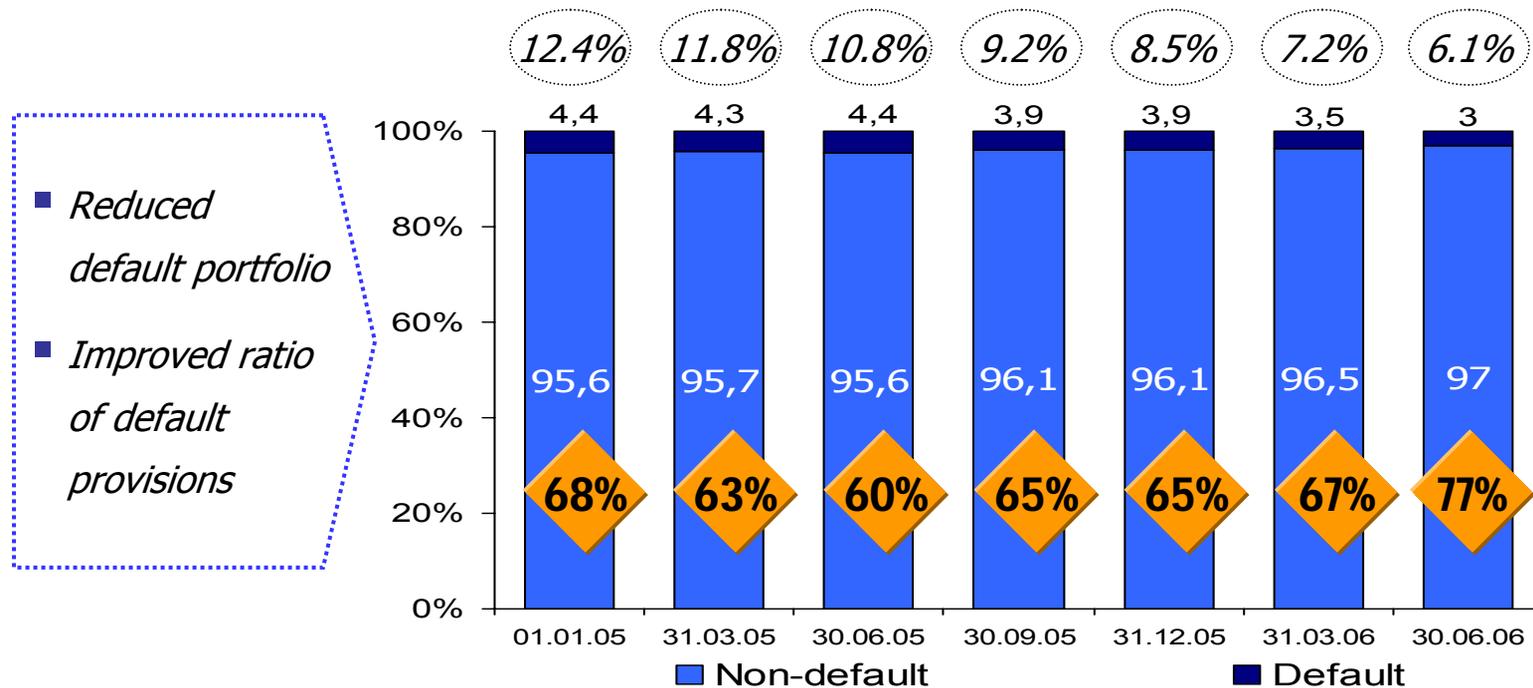
### Provisions Down, Coverage Up



- *Net impairment of credits and loans at PLN 10.2 M in Q2 2006 (including PLN 4.5 M at BRE Bank)*
- *Major provisions released (PLN 22 M) for 2 developer projects (project finance loans)*
- *Major factors improving credit provisions:*
  - *Improving financial standing of Bank customers*
  - *Lower probability of default (PD)*
  - *Lower loss-given default (LGD)*

# Analysis of Financial Results, Q1-2 2006

## Structure of BRE Bank's Risk Portfolio



<i>PLN M</i>	<i>31.03.2006</i>	<i>% share</i>	<i>30.06.2006</i>	<i>% share</i>
<i>Default</i>	<b>1 015</b>	<b>3.5</b>	<b>900</b>	<b>3.0</b>
<i>Non-default</i>	<b>27 873</b>	<b>96.5</b>	<b>29 363</b>	<b>97.0</b>
<i>Total</i>	<b>28 888</b>	<b>100.00</b>	<b>30 263</b>	<b>100.00</b>

○ NPLs under NBP rating  
(NPLs to total loans)

◆ Specific provisions  
to the default portfolio



*Dynamic growth in  
balance sheet items*

*Continued very active presence  
in the financial markets*

*Ongoing improvement  
of the risk portfolio quality*

*ROE pre-tax  
much above the target*

*C/I below  
the annual target*

*The 2006  
financial targets  
may be exceeded*



## *Introduction*

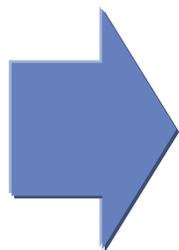
Summary of Q1-2 2006 Results

## *New Strategic Initiatives*

Expansion of the MultiBank Branch Network  
Bancassurance Project

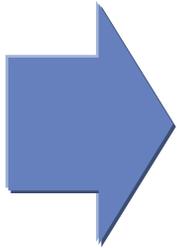
## *BRE Bank's Results, Q1-2 2006*

Business Line Results and Highlights  
Analysis of Financial Results Q1-2 2006



## ***Appendix***

Detailed Results of Business Lines, Q2 2006  
Additional Information: Selected Financial Data  
Macroeconomics



Detailed Results and Highlights of Business Lines:

***Corporate Banking***

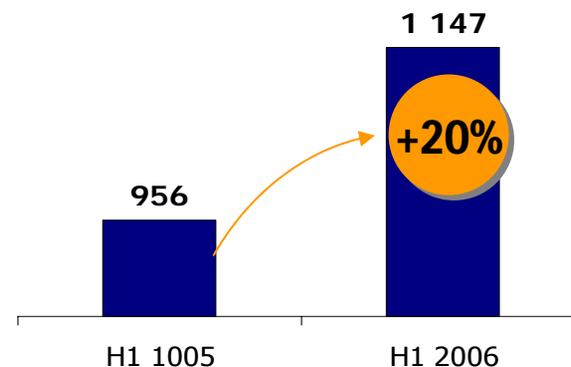
***Retail Banking and Private Banking***

# Appendix

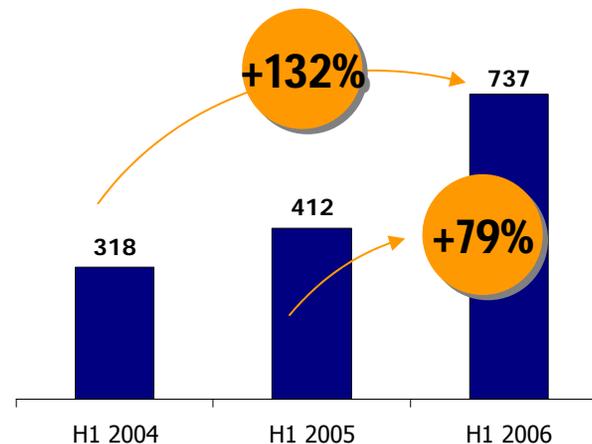
## Corporate Banking: Business Expansion: New Customers

- *In H1 2006, the Bank acquired nearly 1,150 new corporate customers, including 649 in Q2 alone, up 20% year on year*
- *More than 81% of new customers are SMEs*
- *In H1 2006, the Bank won 737 new customers who bought service packages, up 79% year on year and up 132% compared to H1 2004*

Total New Corporate Customers



New SME Package Customers (EFFECT Packages)

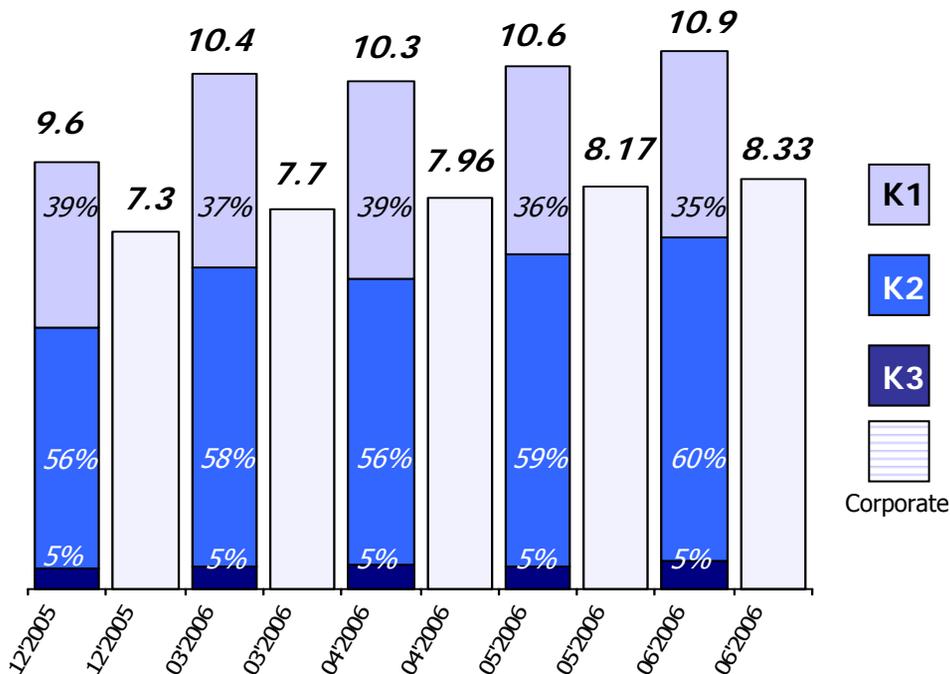


# Appendix

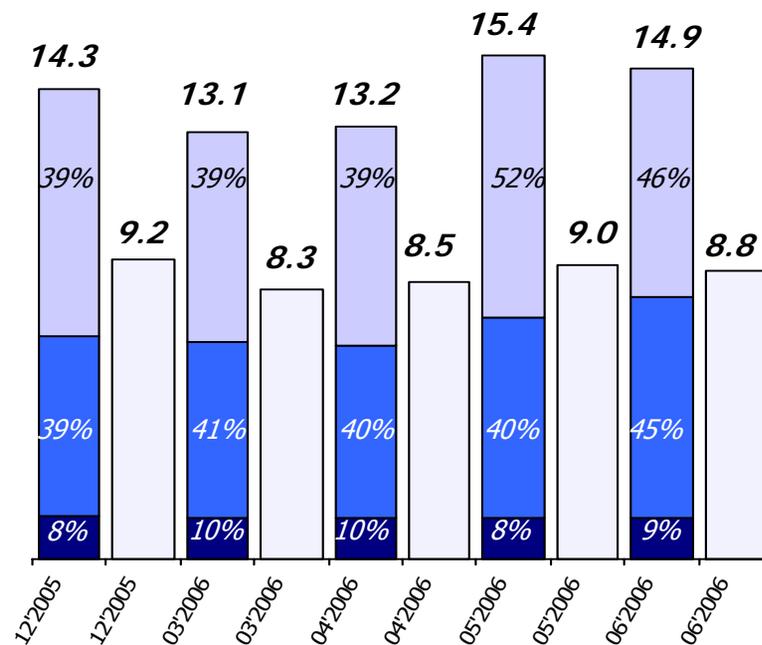
## Corporate Banking: Loans and Deposits



**Corporate Loans**  
(BRE Bank, PLN B)



**Corporate Deposits**  
(BRE Bank, PLN B)

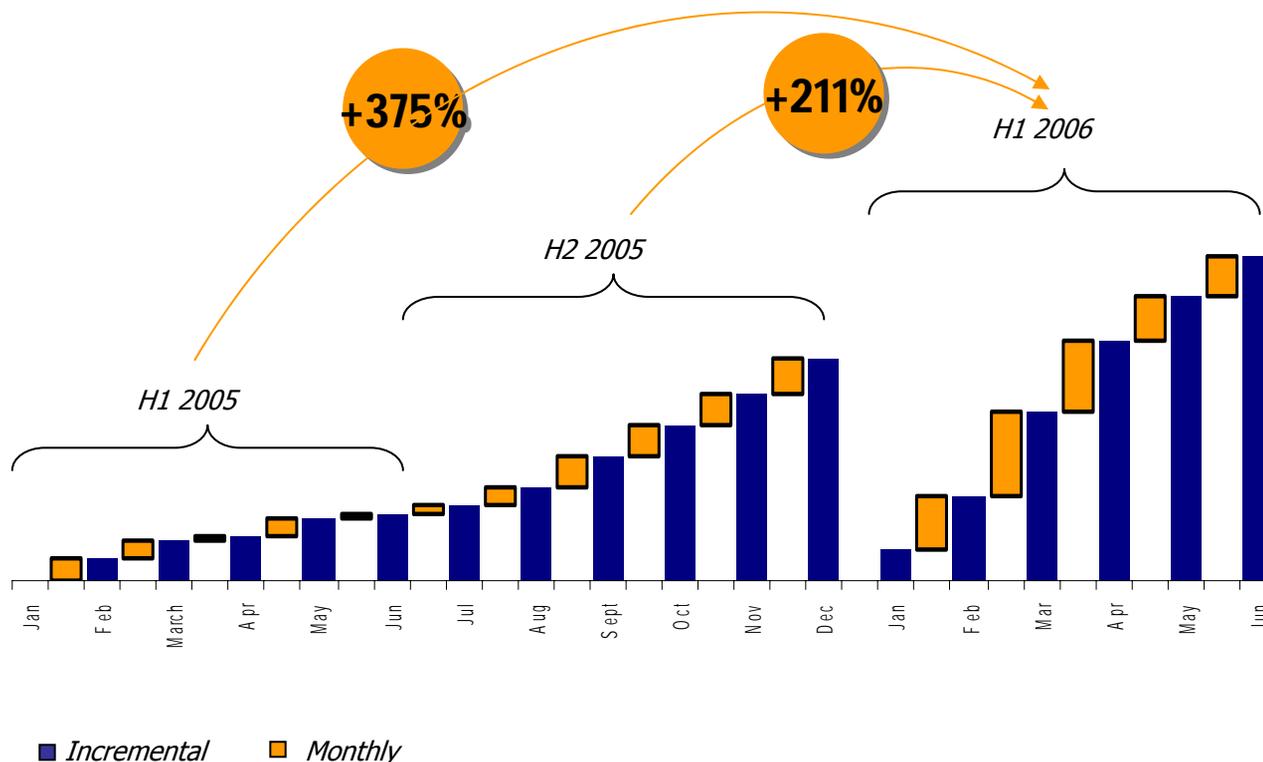


- **Loans** (including the public sector, syndicated loans and project finance) were up **13.5%** year to date
- **Corporate loans** were up **14.1%**

- Following a (seasonal) fall in deposits in Q1 2006, deposits **grew significantly since April to PLN 14.9 B** (up 14,5% QoQ in Q2 2006)
- **Corporate deposits** grew 6% (QoQ) in Q2 2006

## Corporate Banking: Growing Loans in the EFFECT Plus SME Package

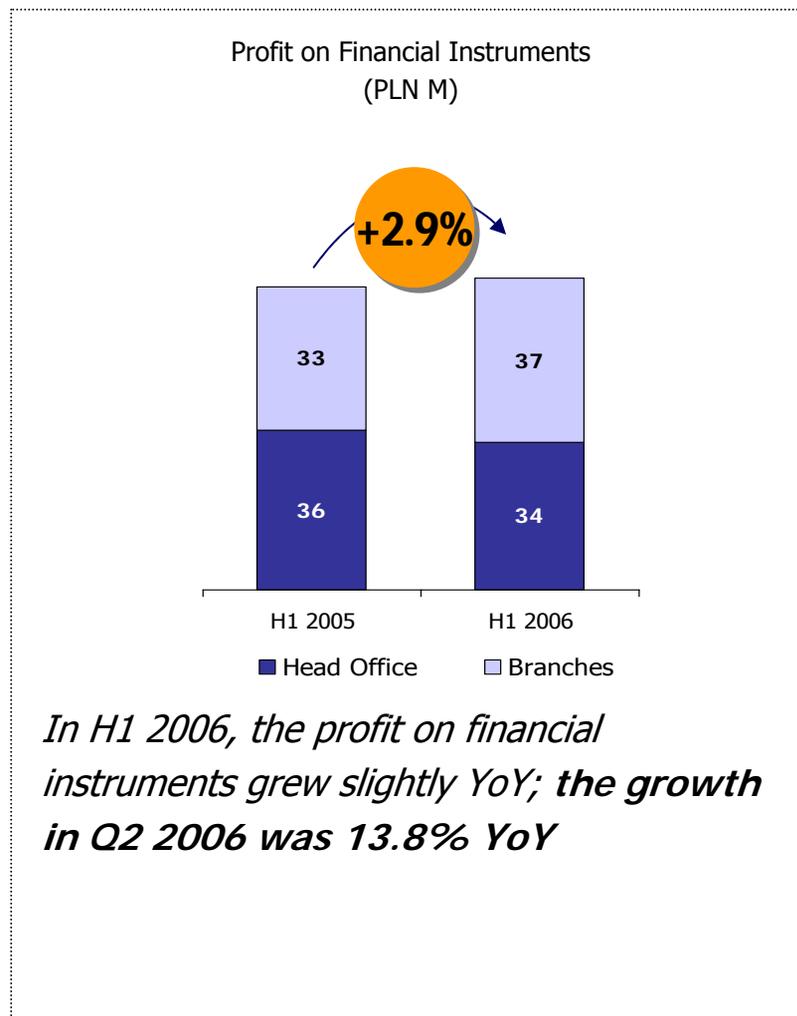
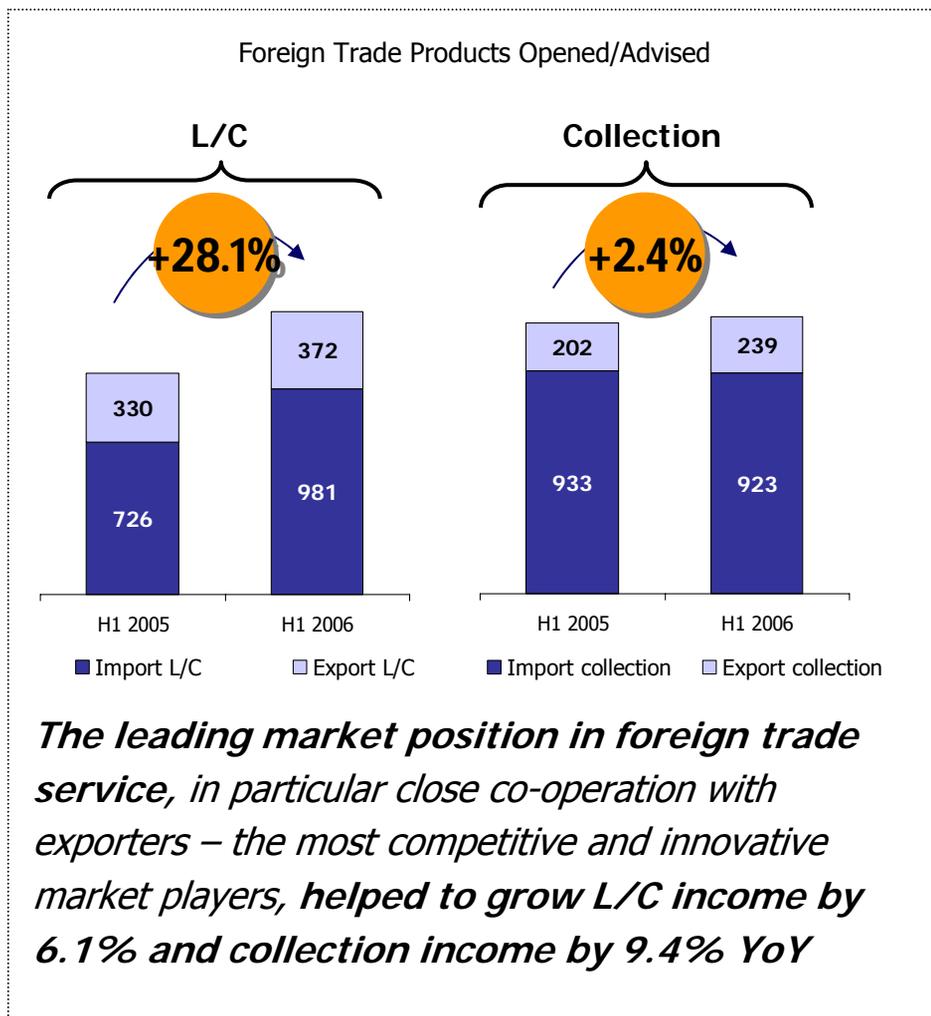
**Growth in Credit Exposure (PLN) under EFFECT Plus Packages**  
January 2005 - June 2006



- The number of new contracts was 232 in H1 2006, up 56% compared to H2 2005
- The volume of new credit contracts was up 211% compared to H2 2005 (and up 375% YoY)
- The average volume of an overdraft facility under the EFFECT Plus Packages was up 24% in H1 2006 compared to the 2005 annual average

# Appendix

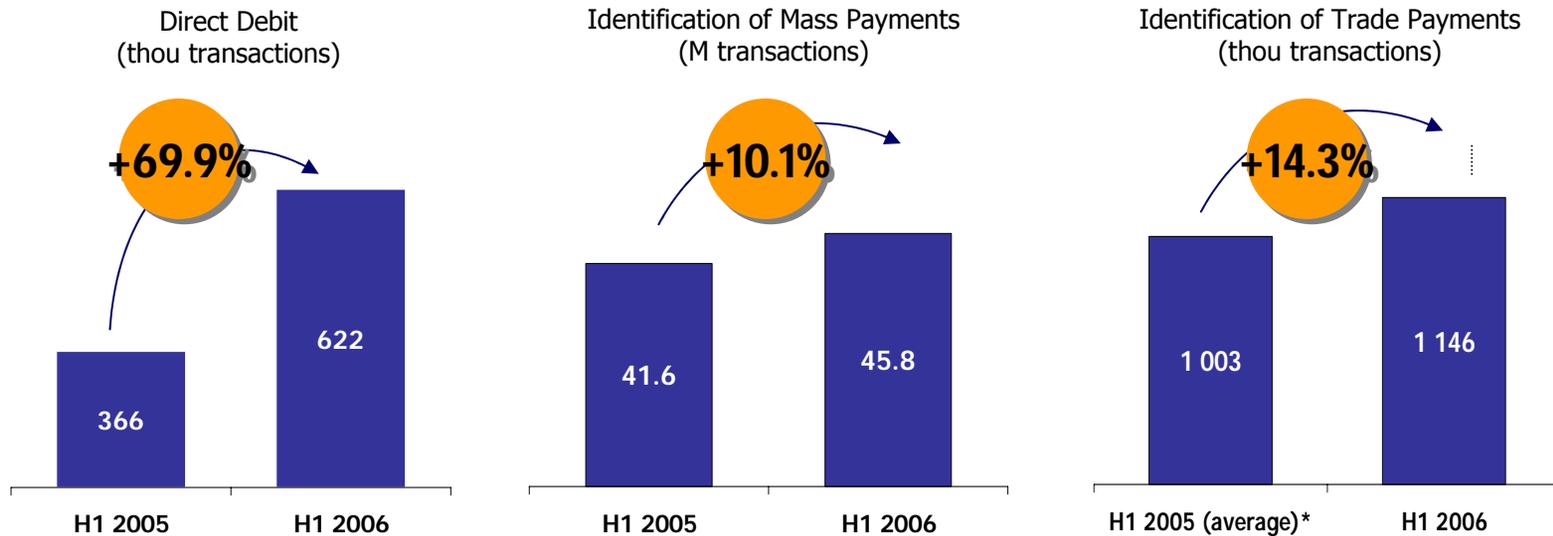
## Corporate Banking: Foreign Trade Service and Risk Management Products



# Appendix

## Corporate Banking: Cash Management – Supporting Long-term Customer Relationships

### Cash Management – Strategic Product Line Supporting Long-term Customer Relationships



*The extensive cash management service, including the identification of payments (Identification of Mass Payments, Identification of Trade Payments, Payment Identification System, added value services for mass suppliers) helped to grow the volume of Direct Debits by half YoY*

\* Q4 monthly average

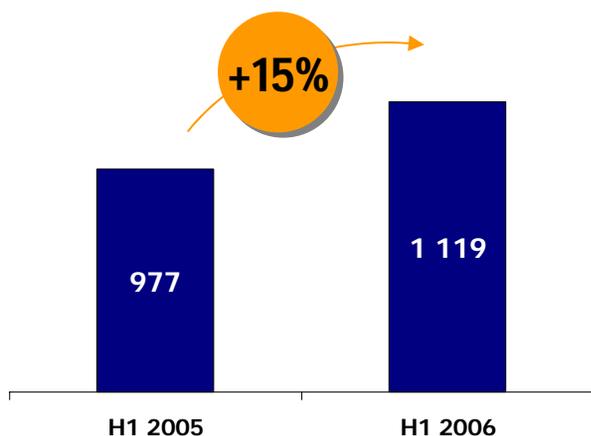
# Appendix

## Corporate Banking: Markets Continue to Favour the Leasing and Factoring Business

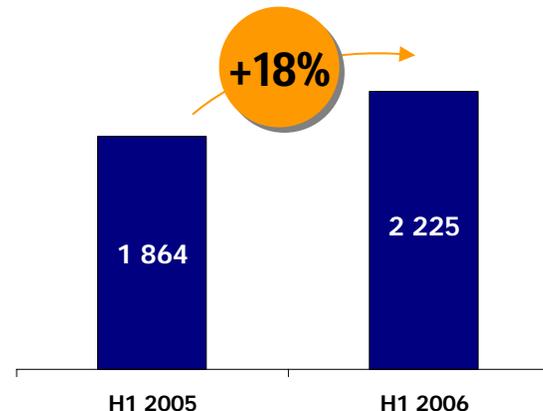
### *BRE Leasing*

- *The largest market player*
- *Value of executed leasing contracts up 15% (YoY)*
- *Pre-tax profit up 51% (YoY), net profit up 49.8% (YoY)*

Leasing Contracts Executed by BRE Leasing  
(PLN M)



Sales of the Intermarket Group Companies  
EUR M

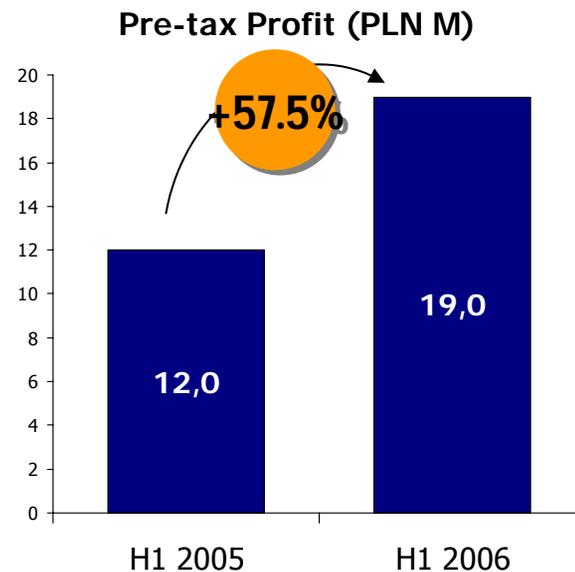
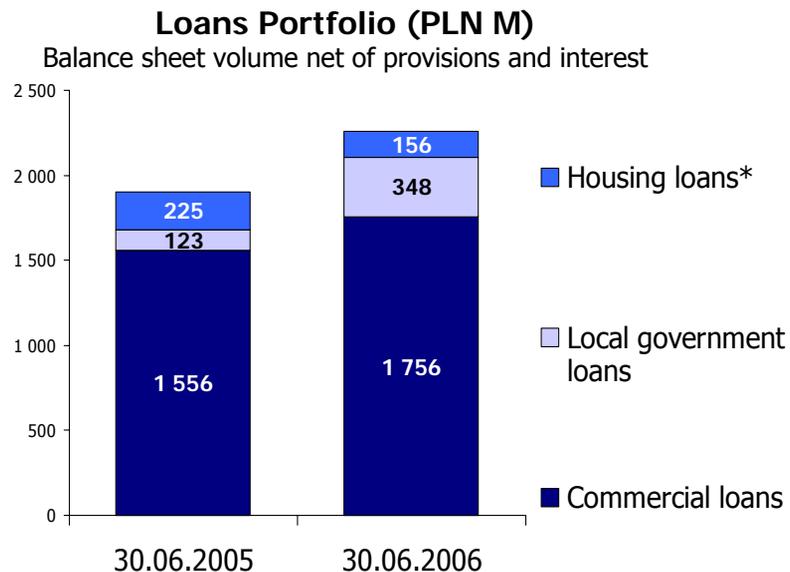


- *Sales of the Intermarket Group companies in H1 2006 totalled EUR 2.26 B*
- *Pre-tax profit of the Intermarket Group companies in H1 2006 was EUR 6.07 M*
- *Polfactor sales were up 21% (including export factoring sales up 30%)*

### *Intermarket Group*

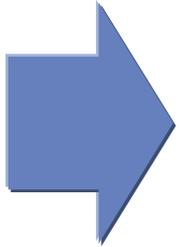
# Appendix

## Corporate Banking: BRE Bank Hipoteczny (BBH)



- *H1 2006 pre-tax profit up 57.5% year on year*
- *H1 2006 balance-sheet loans up 18.7% year on year*
- *BRE Bank Hipoteczny (BBH) is the second largest issuer of mortgage bonds*

*\* As of July 2004, Bank Hipoteczny stopped granting loans to retail customers.  
The volume of housing loans represents the portfolio still managed by the Bank*



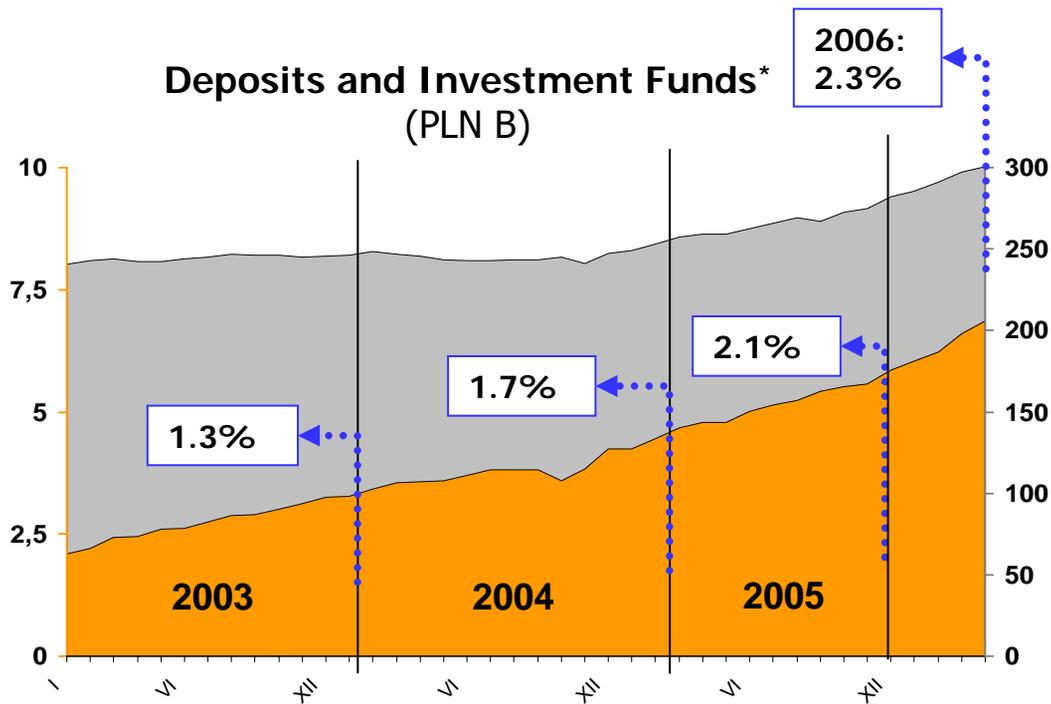
Detailed Results and Highlights of Business Lines:

*Corporate Banking*

***Retail Banking and Private Banking***

# Appendix

## BRE Bank's Retail Banking v. the Market: Deposits and Investment Funds



\* At 31 May 2006

- BRE Bank (LHS)
- Market (RHS)
- Market share

***BRE Bank's  
Retail Banking  
Line continues to  
grow well ahead  
of the market***

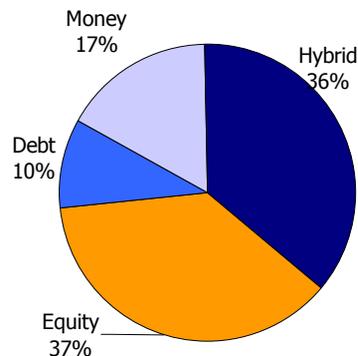
# Appendix

## BRE Bank's Retail Banking: Investment Funds

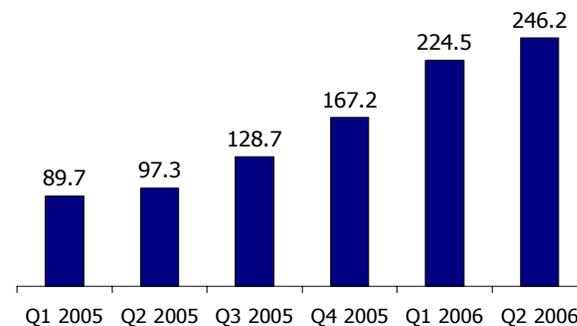
MultiBank

- **Investment Fund sales** totalled PLN 22.3 M in Q2 2006, down sharply quarter on quarter
- **MultiBank customers' interest in hybrid funds** grew sharply in Q2 2006

Structure of Assets:  
MultiBank Investment Funds



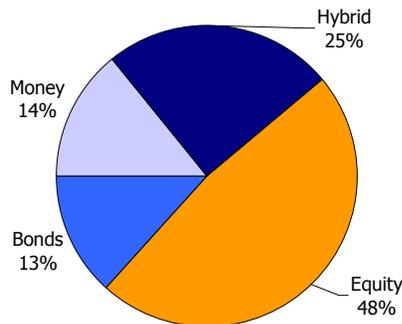
MultiBank IF Sales  
by Quarter (PLN M)



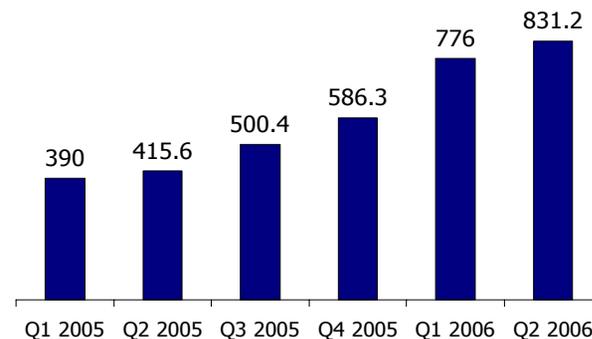
mBank

- **Investment Fund sales** of PLN 53.4 M in Q2 2006
- **mBank customers' interest in hybrid funds** grew sharply in Q2 2006 (25% of all funds)
- **The share of money funds** also grew

Structure of Assets:  
mBank Investment Funds



mBank IF Supermarket Sales  
by Quarter (PLN M)



# Appendix

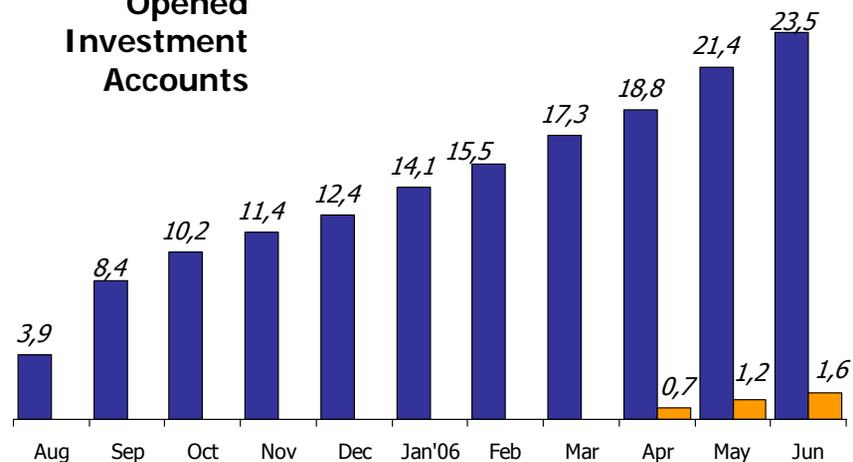
## BRE Bank's Retail Banking: mBank – eBroker, MultiBank – Brokerage Service



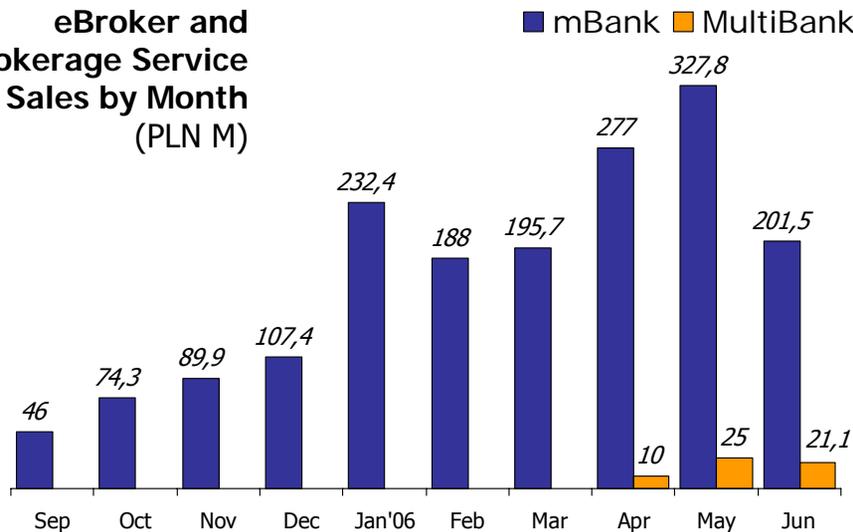
### *Dynamic growth of brokerage services for retail customers*

- *eBroker trading exceeded PLN 201 M in June 2006, and Brokerage Service trading was PLN 21 M*
- *Incremental trading of PLN 1,740 M for eBroker and PLN 56.1 M for the Brokerage Service since the launch*
- *There were over 25 thousand mBank and MultiBank investment accounts at the end of June 2006*
- *mBank and MultiBank customers opened 7,936 investment accounts in Q2 2006*

**Opened Investment Accounts**



**eBroker and Brokerage Service Sales by Month (PLN M)**

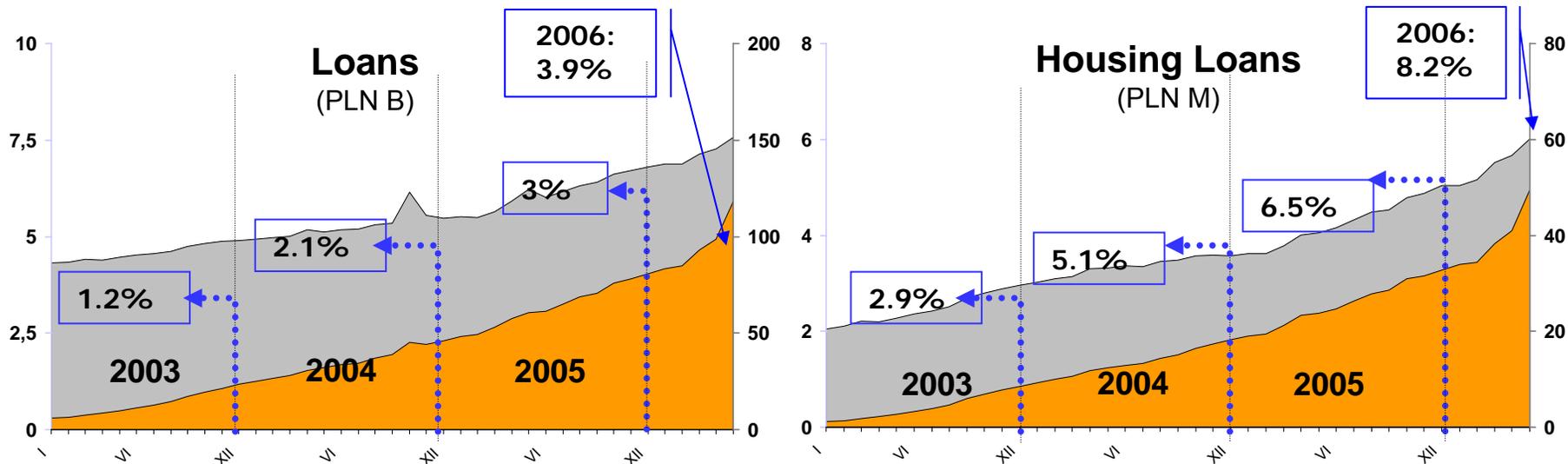


# Appendix

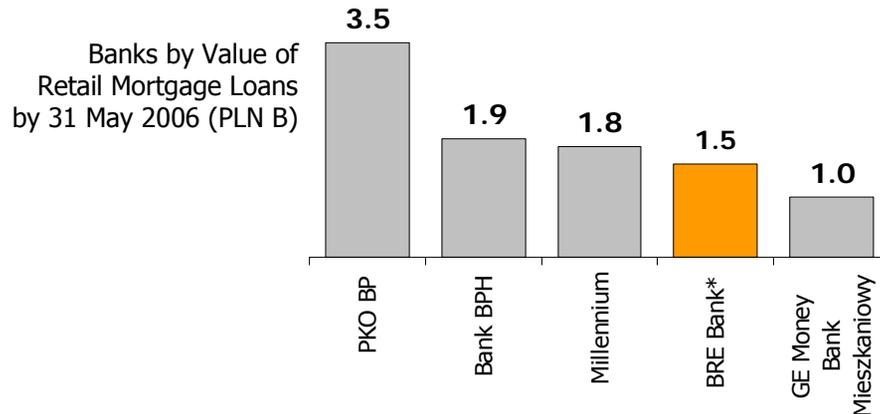
## BRE Bank's Retail Banking v. the Market: Loans



*BRE Bank's Retail Banking is steadily growing its share in the loans sector (especially for housing loans)*



***BRE Bank is the fourth largest player on the mortgage loans market***



■ BRE Bank (LHS)   
 ■ Market (RHS)   
    Market share

\*mBank+MultiBank

Source: ZBP, own calculations

# Appendix

## BRE Bank's Retail Banking: Mortgage Loans: Portfolio Structure and Quality

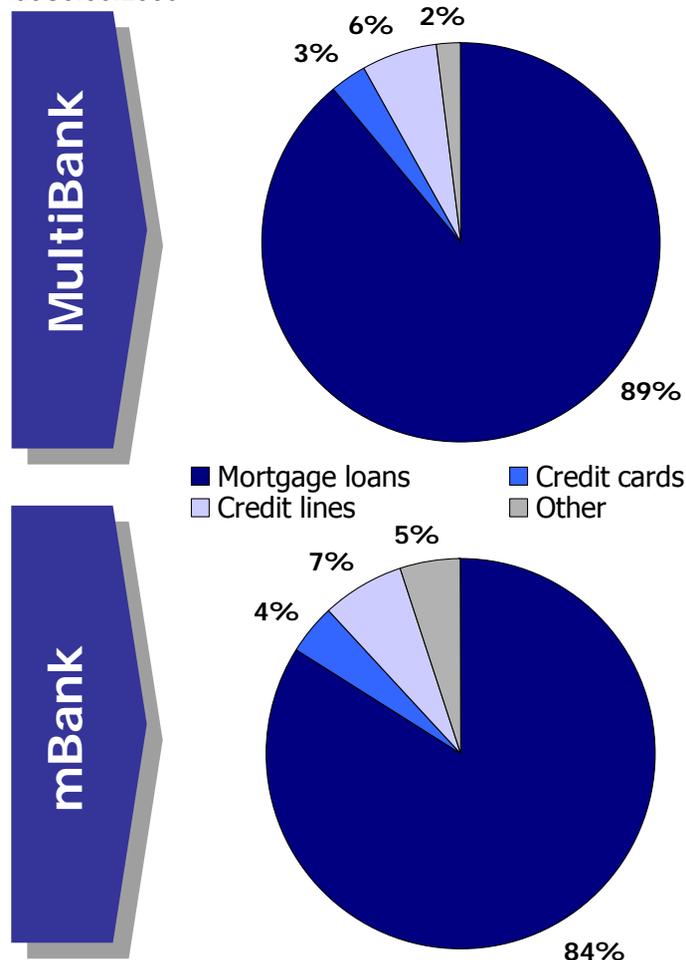
### BRE Bank's Mortgage Loans Portfolio\*

	<i>Total</i>	<i>PLN</i>	<i>FX</i>
<i>Volume of loans (PLN B)</i>	4.6	0.6	4.0
<i>Average maturity (years)</i>	21.9	17.9	22.6
<i>Average volume (PLN'000)</i>	153.3	185.2	150.9
<i>Average LTV (%)</i>	68.7	56.5	70.8
<i>NPL (%)</i>	0.6	0.8	0.5

\*Retail loans

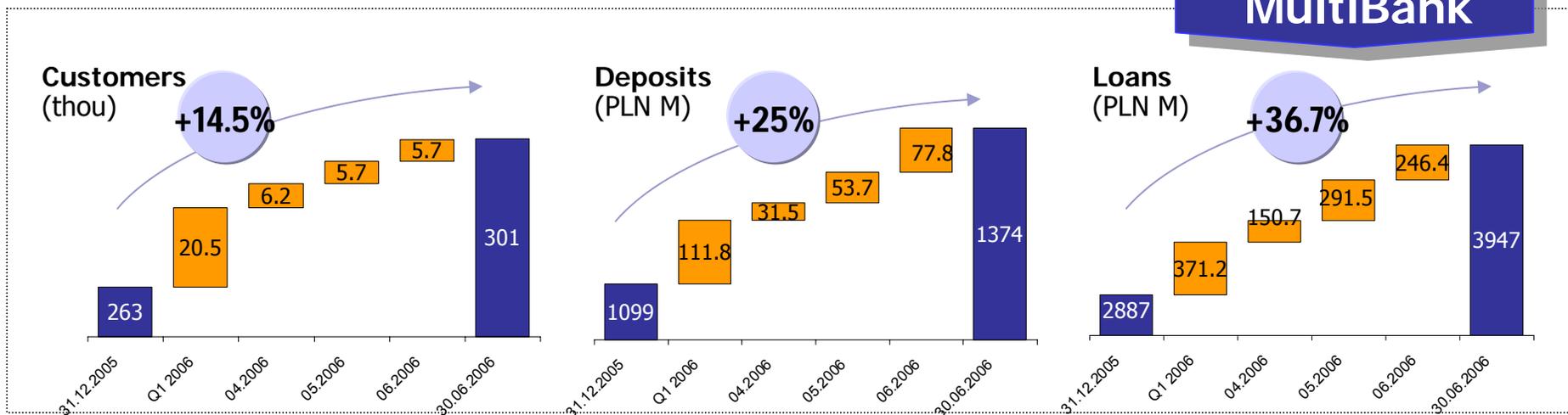
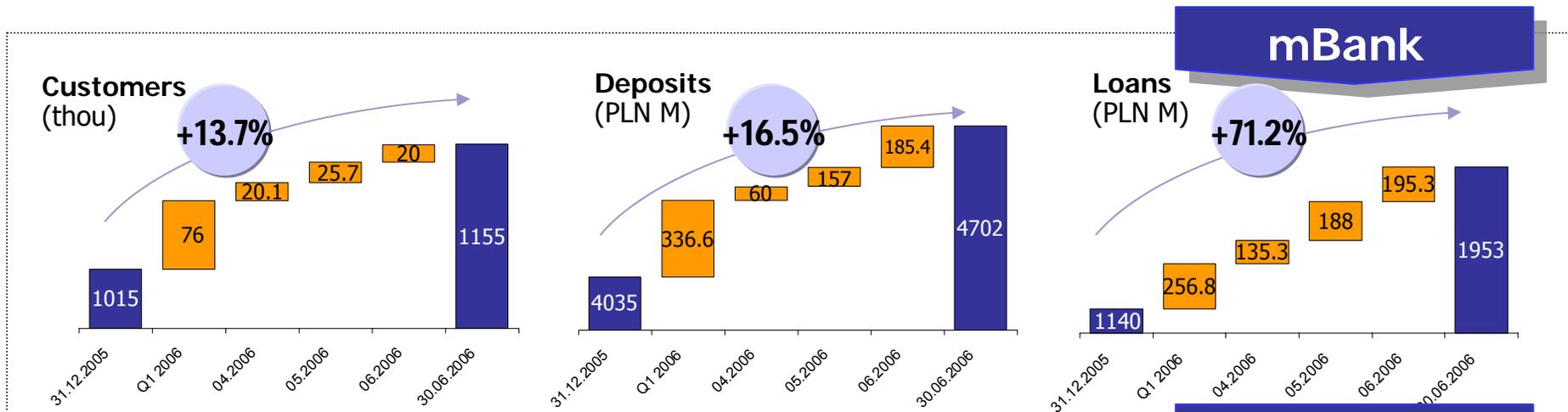
At 30.06.2006

Structure of the Loans Portfolio (Household Loans) at 30.06.2006



# Appendix

## BRE Bank's Retail Banking: Dynamics of Sales in Q2 2006



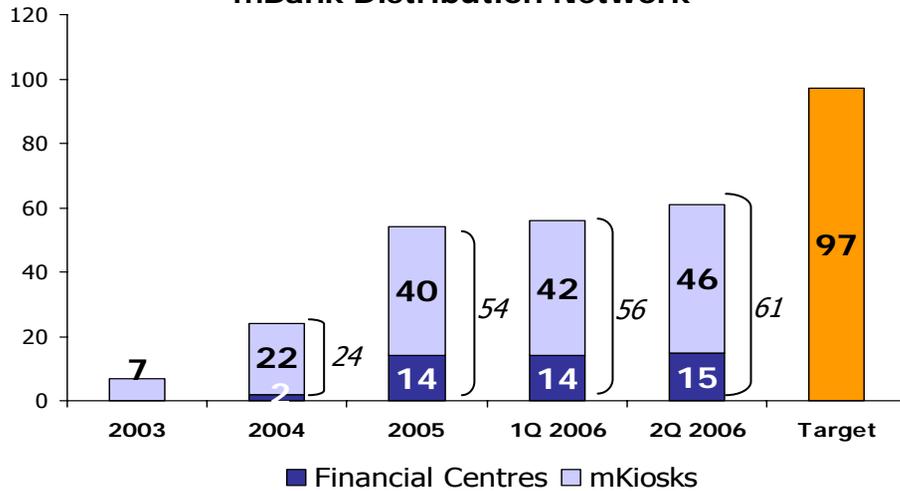
■ Volume ■ Increment

# Appendix

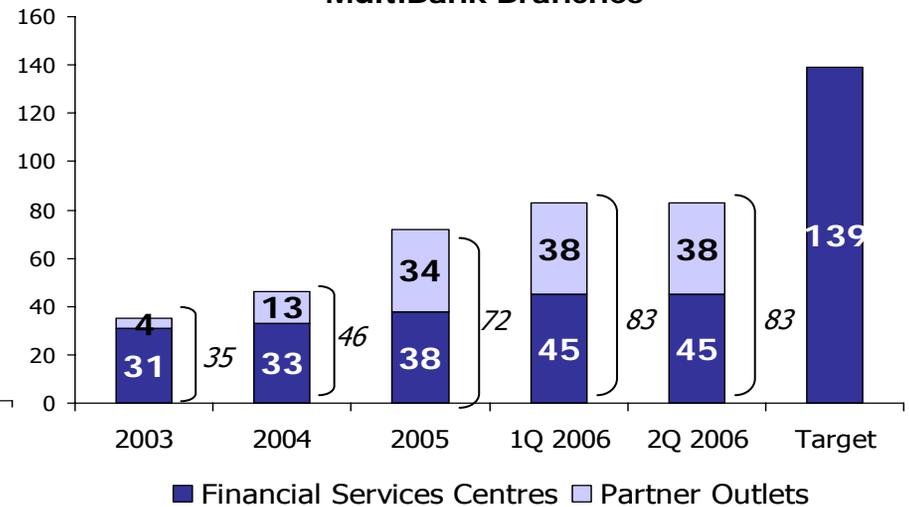
## BRE Bank's Retail Banking: Expansion of the Distribution Network



**mBank Distribution Network**

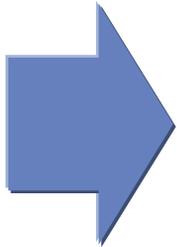


**MultiBank Branches**



- *mBank opened 1 Financial Centre and 4 mKiosks in Q2 2006*
- *mBank's distribution network had 61 units at 30 June 2006*

- *MultiBank had 83 Branches at the end of June 2006*
- *The MultiBank network did not change in Q2 2006*



## Additional Information: Selected Financial Data

*Consolidated Profit and Loss Account under IFRS*

*Interest Income Structure, Interest Margin*

*Fee and Commission Income Structure*

*Cost Structure*

*Balance Sheet Analysis – Structure of Assets and Liabilities*

*Non-performing Loans*

# Appendix

## Additional Information: Selected Financial Data Consolidated Profit and Loss Account under IFRS

<i>PLN'000</i> <i>By quarter *</i>	<i>Q2 2005</i>	<i>Q3 2005</i>	<i>Q4 2005</i>	<i>Q1 2006</i>	<i>Q2 2006</i>
<i>Net interest income</i>	170 537	150 411	144 117	171 098	161 397
<i>Net commission income</i>	90 344	113 664	87 585	111 199	117 987
<i>Dividend income</i>	17 303	106	25 187	511	4 513
<i>Trading profit</i>	55 135	67 307	90 913	89 475	106 624
<i>Income from investment securities</i>	9 517	171	31 096	8 462	2 122
<i>Other operating income</i>	24 203	24 551	66 557	52 383	94 651
<i>Net impairment of credits and loans</i>	1 718	(40 468)	(27 738)	(22 576)	(10 216)
<i>Overhead costs</i>	(206 834)	(187 469)	(210 356)	(216 435)	(220 014)
<i>Amortisation/Depreciation</i>	(34 013)	(30 121)	(43 723)	(40 710)	(40 577)
<i>Other operating costs</i>	(13 057)	(21 254)	(98 935)	(43 812)	(76 851)
<i>Operating profit</i>	114 853	76 898	64 703	109 595	139 636
<i>Share in profits (losses) of associated companies</i>	(168)	(90)	(209)	(87)	(25)
<i>Pre-tax profit</i>	114 685	76 808	64 494	109 508	139 611
<b><i>Net profit</i></b>	<b>84 397</b>	<b>55 900</b>	<b>47 105</b>	<b>78 901</b>	<b>101 498</b>

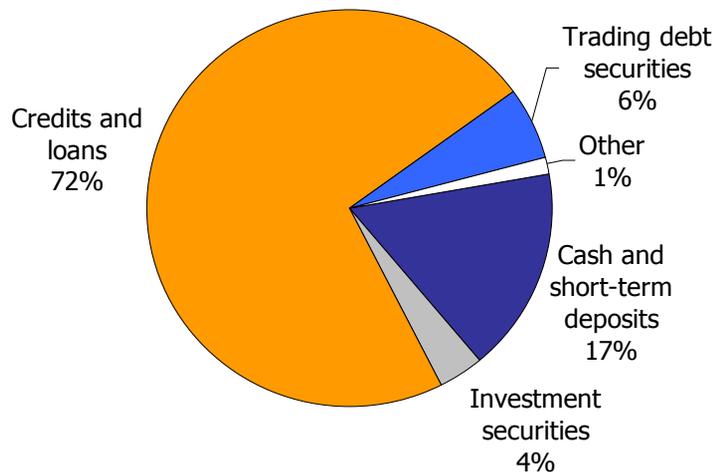
\* Q3-4 2005 and Q1 2006 – data based on quarterly reports, Q2 2005 – data based on the Q2 2006 quarterly report

# Appendix

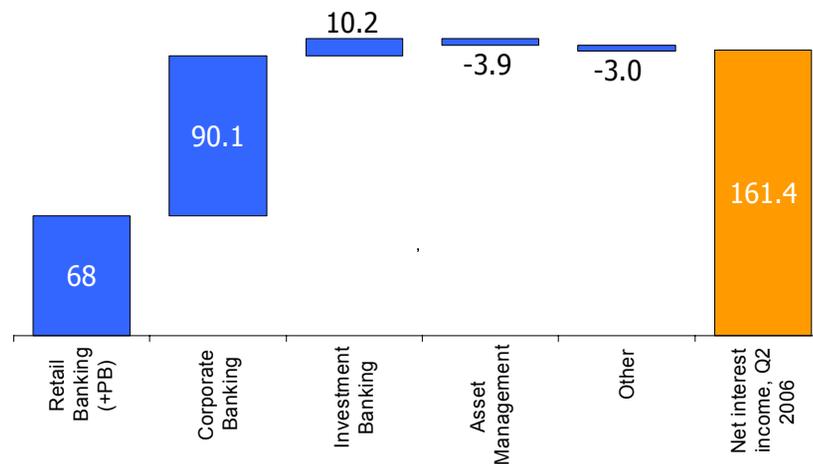
## Additional Information: Selected Financial Data Interest Income Structure



**Net Interest Income  
Q2 2006**  
(consolidated figures, %)



**Net Interest Income, Q2 2006  
by Business Line**  
(consolidated figures, PLN M)



	2004		2005		2006	
	Q1	Q2	Q3	Q4	Q1	Q2
<b>NIM*</b>	1.3	1.8	1.8	1.7	2.24	2.05

\*Change in the methodology of calculation of the interest margin:

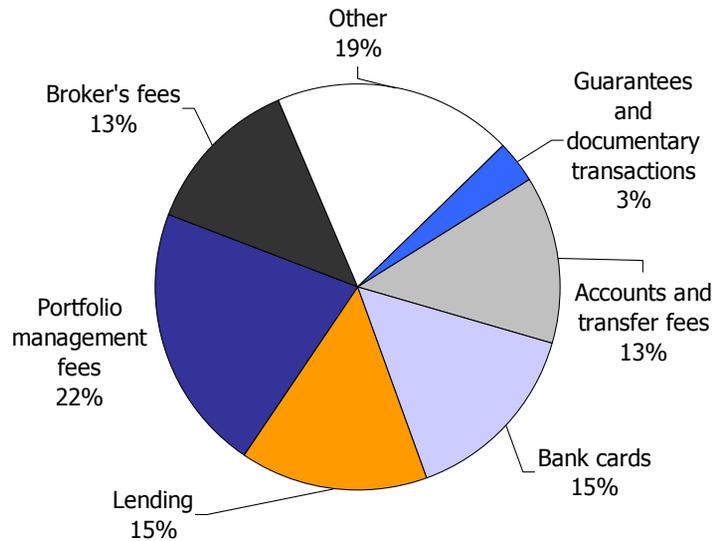
- In 2004-2005, NIM was calculated as net interest income to net assets
- As of Q1 2006, NIM is calculated as net interest income to interest-earning assets

# Appendix

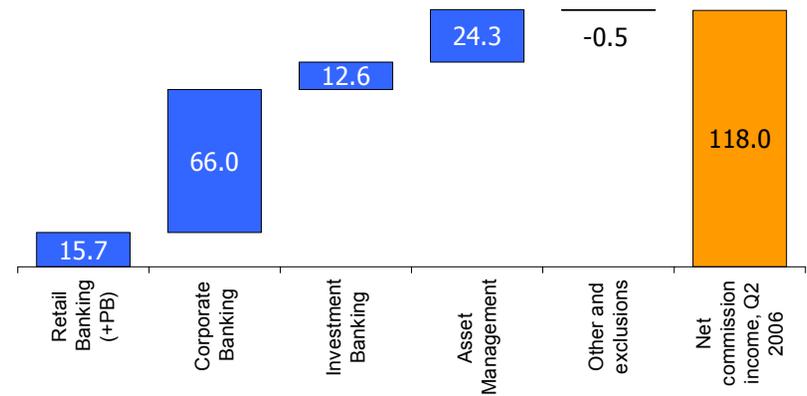
## Additional Information: Selected Financial Data Commission Income Structure



**Net Commission Income  
Q2 2006**  
(consolidated figures, %)



**Net Commission Income, Q2 2006  
by Business Line**  
(consolidated figures, PLN M)

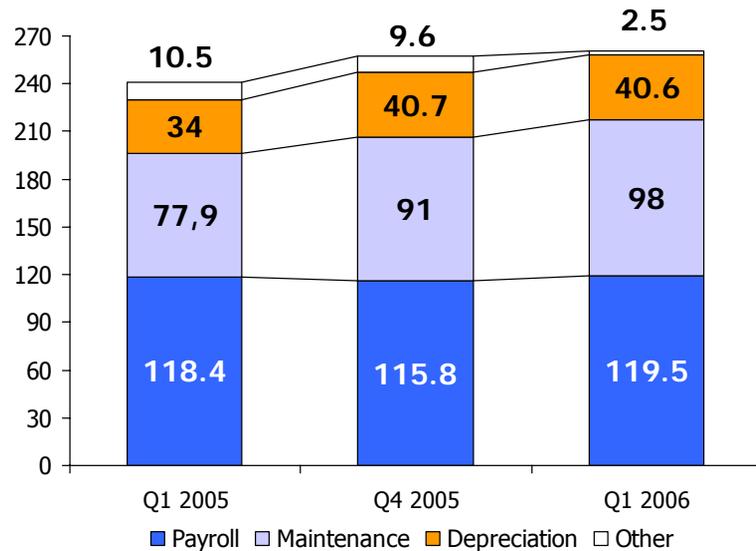


# Appendix

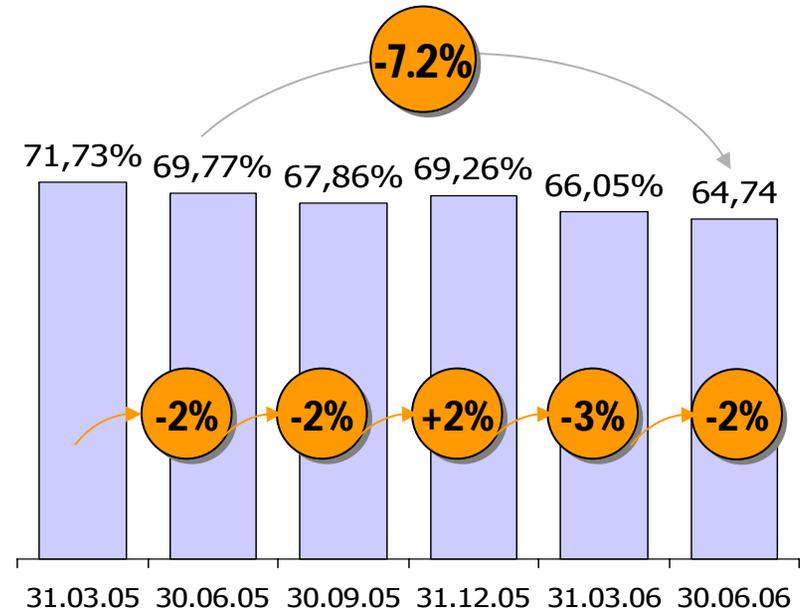
## Additional Information: Selected Financial Data Overhead Cost Structure



**Overhead Costs  
(+ Amortisation/Depreciation)**  
by quarter, PLN M, consolidated figures

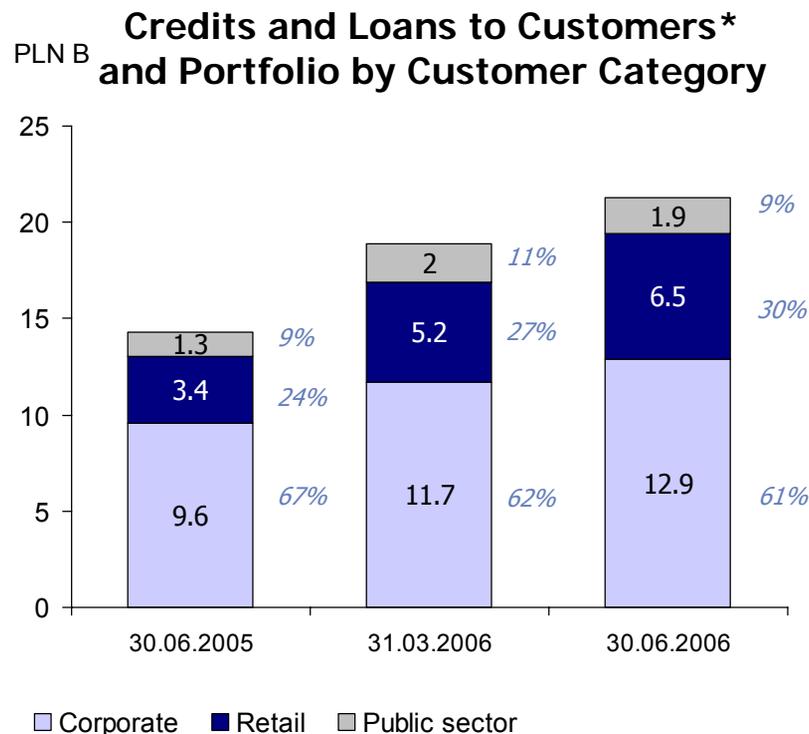
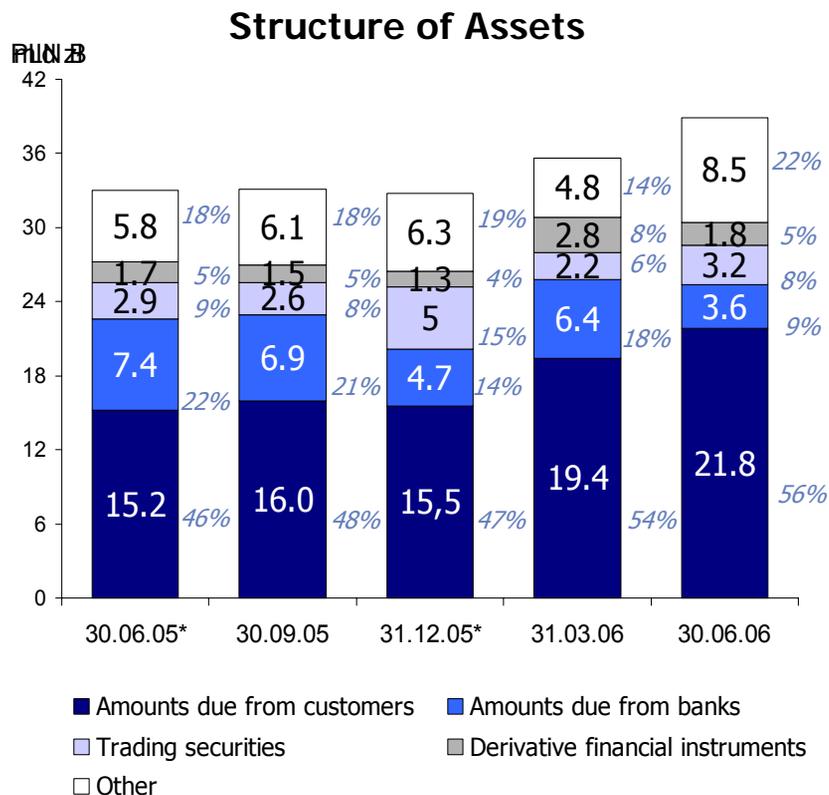


**BRE Bank Group's C/I**  
(based on average balances)



# Appendix

## Additional Information: Selected Financial Data Balance Sheet Analysis: Assets

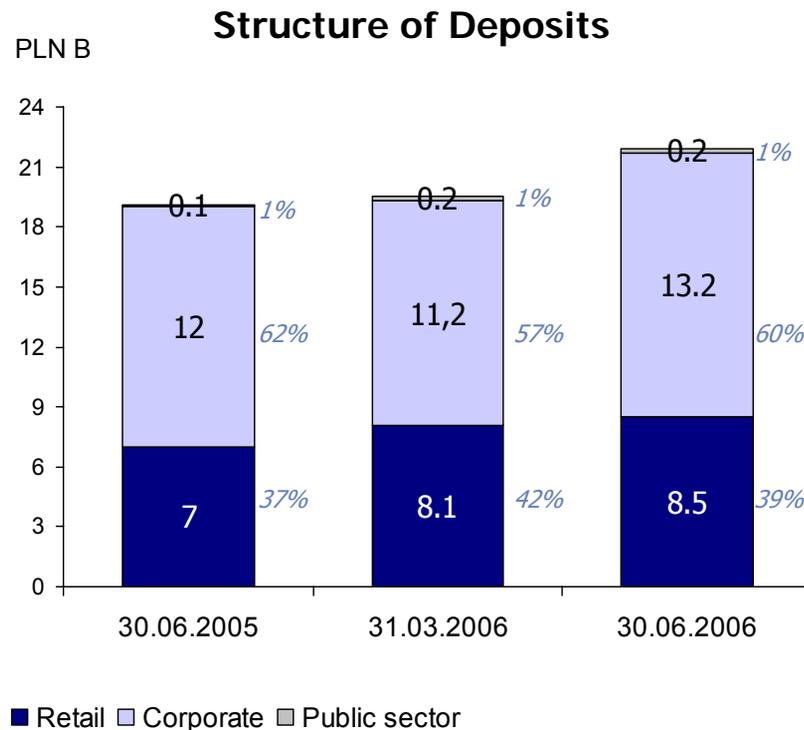
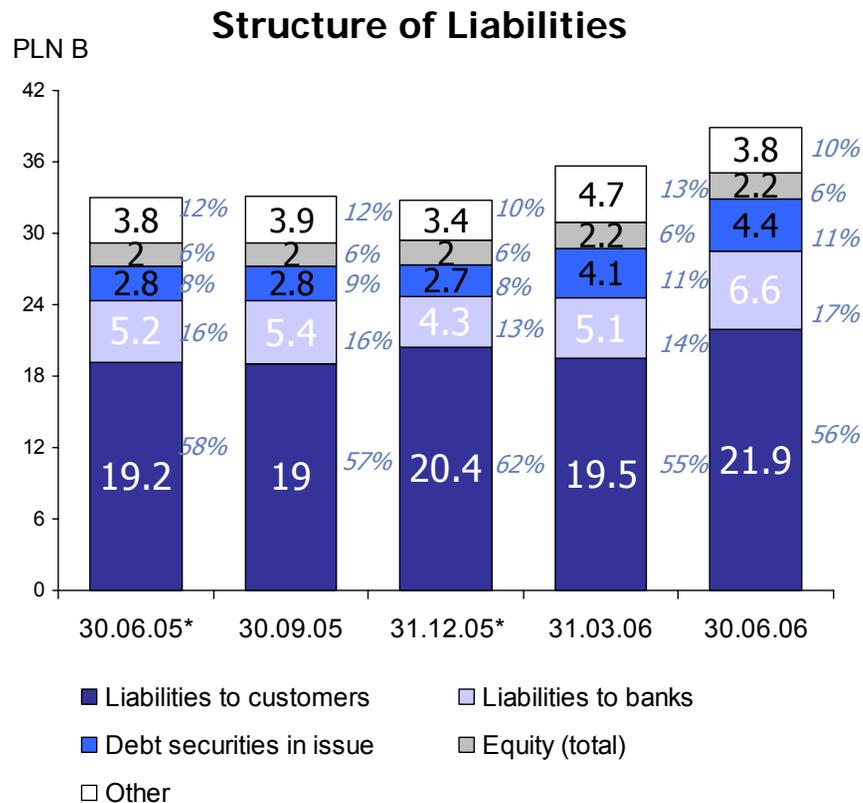


\* Data based on the Q2 2006 report

\* Gross credits and loans

# Appendix

## Additional Information: Selected Financial Data Balance Sheet Analysis: Liabilities



\* Data based on the Q2 2006 report

# Appendix

## Additional Information: Selected Financial Data Non-performing Loans: Portfolio Structure\*



### Falling Share of NPLs in the Portfolio

30.06.2006

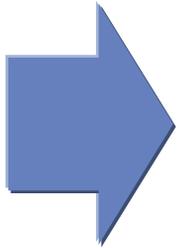
31.03.2006

**Steady improvement of portfolio quality: NPLs down from 7.2% to 6.1% in Q2 2006 (NBP rating) thanks to the growing loan portfolio, overall portfolio quality improvement and ongoing restructuring of some of the Bank's exposures, including repayment of loans rated loss**

	Exposure PLN B	%	Provisions % coverage	Exposure PLN B	%	Provisions % coverage
<b>Regular</b>	<b>16.9</b>	<b>93.9</b>	<b>0.6</b>	<b>15.1</b>	<b>92.8</b>	<b>0.6</b>
<i>including:</i>						
<i>Standard</i>	16.3	90.6	0.1	14.5	88.7	0.1
<i>Watch</i>	0.6	3.3	11.6	0.6	4.1	12.2
<b>Irregular</b>	<b>1.1</b>	<b>6.1</b>	<b>62.9</b>	<b>1.2</b>	<b>7.2</b>	<b>55.4</b>
<i>including:</i>						
<i>Substandard</i>	0.2	1.1	19.4	0.2	1.5	12.9
<i>Doubtful</i>	0.2	1.1	28.0	0.3	1.7	28.4
<i>Loss</i>	0.7	3.9	86.9	0.7	4.0	82.7
<b>TOTAL</b>	<b>18.0</b>	<b>100</b>	<b>5.0</b>	<b>16.3</b>	<b>100</b>	<b>4.6</b>

*Provisions shown under IFRS – the portfolio provision shown under 'watch'*

- BRE Bank's balance-sheet loans portfolio – balance-sheet credit debt (excluding credits not drawn)

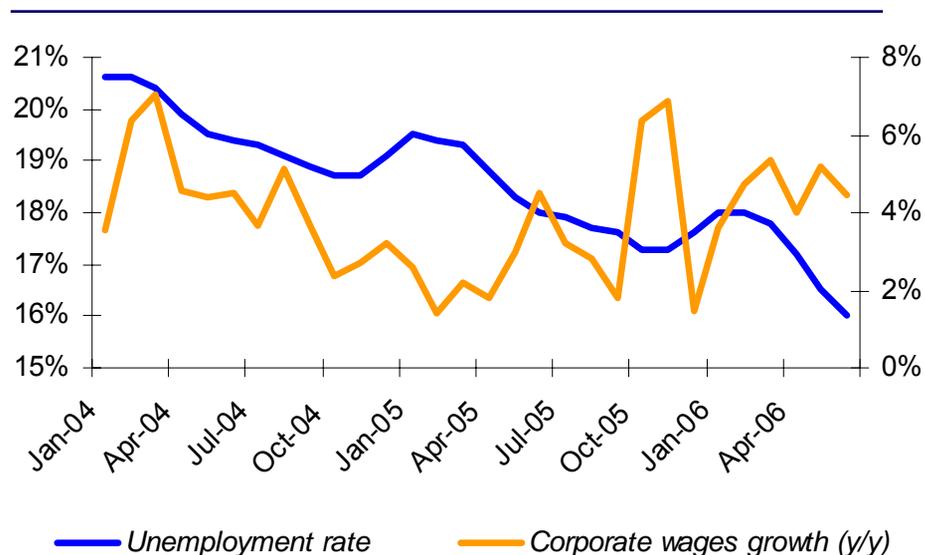
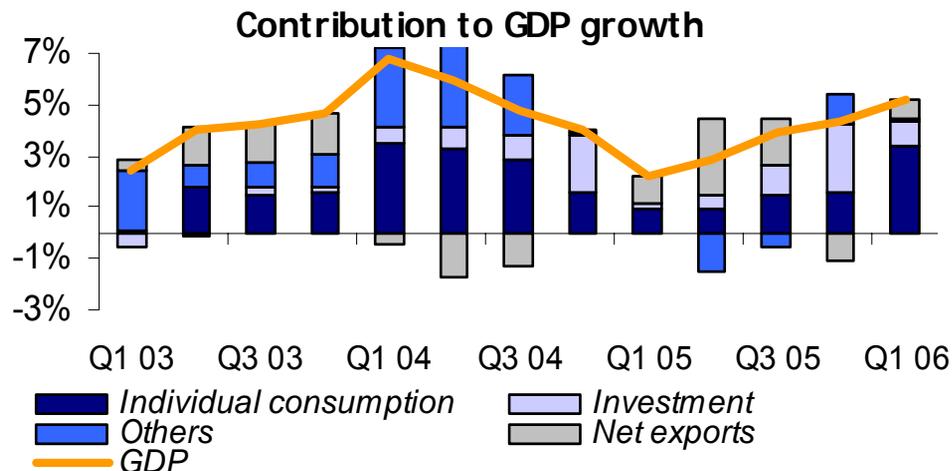


Macroeconomics



### *GDP growing fast, labour market continues to improve*

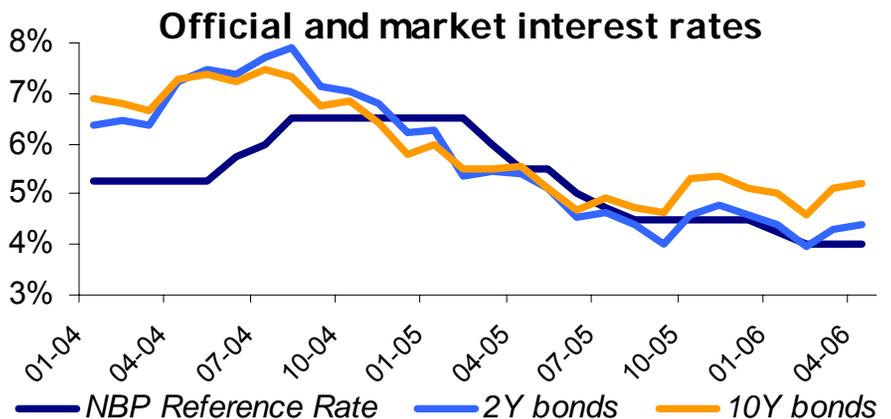
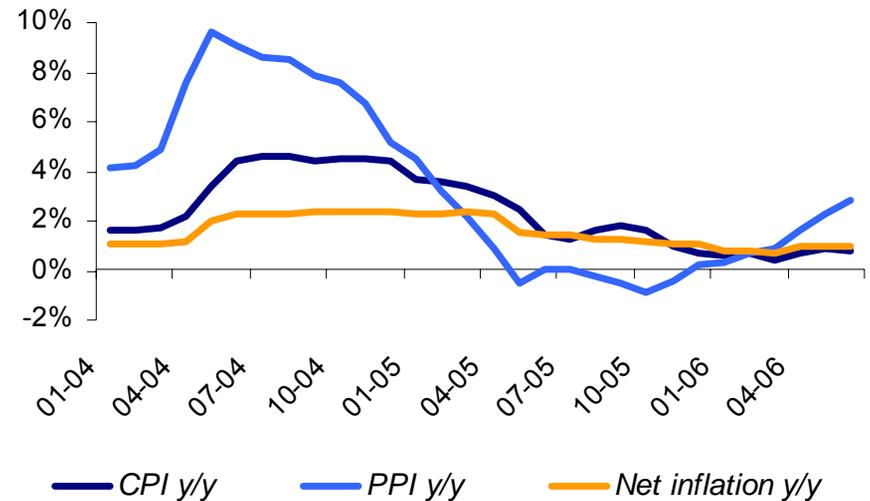
- *GDP growth estimated at more than 5% in Q2 2006*
- *Fast growing private consumption as the main driver of domestic demand*
- *Unemployment falling sharply, employment rising fast, professionally active population down*





### *Low inflation, NBP interest rates unchanged*

- *No inflation pressure: CPI remains much below the NBP target*
- *NBP interest rates unchanged since February 2006*
- *Market expectations of interest rate hikes in 2006 not endorsed by analysts and the Monetary Policy Council*



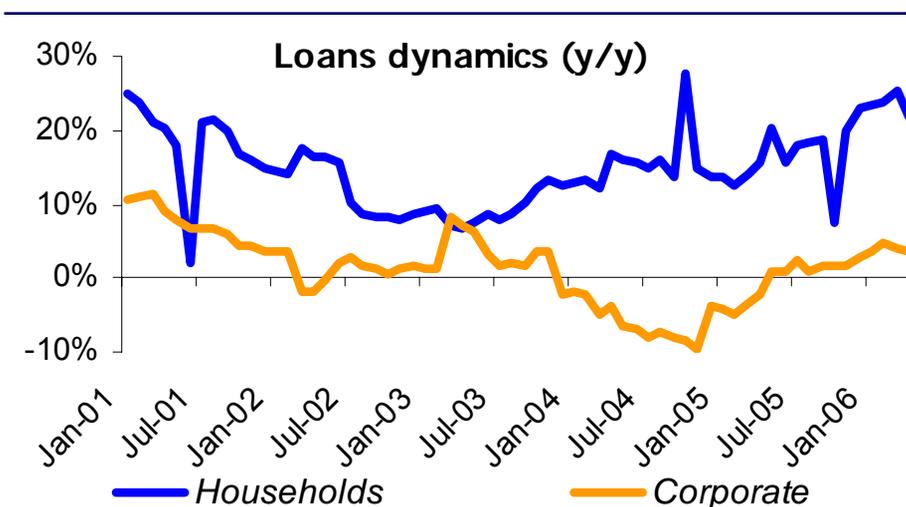
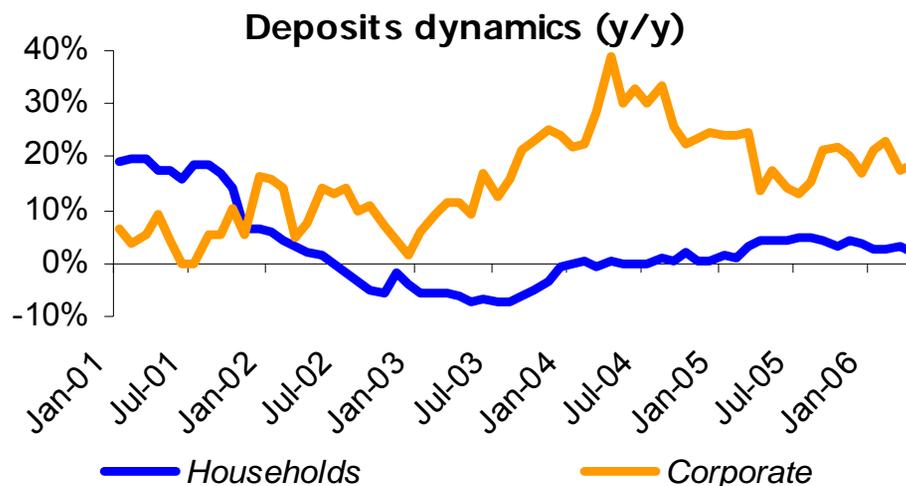
# Appendix

## Macroeconomics: Loans and Deposits in the Banking Sector



### ***Fast growing household loans***

- *Household loans up by nearly 30% YoY in June*
- *FX housing loans still growing fast while demand for PLN loans picks up*
- *Interest in corporate loans continues to rise steadily: up by 5.1% YoY in June*





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