BRE BANK SA

BRE Bank SA Group

IFRS Consolidated Financial Statements
for the third quarter of 2007

Contents

Selected financial data

SELECTED FINANCIAL DATA FOR THE GROUP		in PLN '000		in EUR '000	
		Three quarters of 2007 from 2007-01-01 to 2007-09-30	Three quarters of 2006 from 2006-01-01 to 2006-09-30	Three quarters of 2007 from 2007-01-01 to 2007-09-30	Three quarters of 2006 from 2006-01-01 to 2006-09-30
I.	Interest income	**1 671 500**	**1 231 495**	**436 264**	**314 389**
II.	Fee and commission income	**611 498**	**504 966**	**159 602**	**128 913**
III.	Net trading income	**378 080**	**286 954**	**98 679**	**73 257**
IV.	Operating profit	**660 375**	**403 480**	**172 359**	**103 005**
V.	Profit before income tax	**749 833**	**403 368**	**195 707**	**102 976**
VI.	Net profit attributable to minority interest	**22 958**	**18 675**	**5 992**	**4 768**
VII.	Net profit	**568 116**	**306 046**	**148 279**	**78 131**
VIII.	Cash flows from operating activities	**(3 110 256)**	**(3 362 680)**	**(811 781)**	**(858 462)**
IX.	Cash flows from investing activities	**(8 559)**	**(273 320)**	**(2 234)**	**(69 776)**
X.	Cash flows from financing activities	**2 627 092**	**1 733 829**	**685 674**	**442 631**
XI.	Net increase / decrease in cash and cash equivalents	**(491 723)**	**(1 902 171)**	**(128 340)**	**(485 607)**
XII.	Total assets	**51 759 647**	**39 335 531**	**13 702 091**	**9 874 616**
XIII.	Amounts due to the Central Bank	**-**	**1 084**	**-**	**272**
XIV.	Amounts due to other banks	**11 900 824**	**6 795 342**	**3 150 450**	**1 705 872**
XV.	Amounts due to customers	**29 020 215**	**22 748 486**	**7 682 386**	**5 710 678**
XVI.	Capital and reserves attributable to the Company's equity holders	**3 181 932**	**2 400 795**	**842 338**	**602 685**
XVII.	Minority interest	**104 807**	**86 187**	**27 745**	**21 636**
XVIII.	Share capital	**118 460**	**117 838**	**31 359**	**29 582**
XIX.	Number of shares	**29 614 972**	**29 459 506**	**29 614 972**	**29 459 506**
XX.	Book value per share (in PLN/EUR per share)	**107.44**	**81.49**	**28.44**	**20.46**
XXI.	Diluted book value per share (in PLN/EUR per share)	**107.17**	**81.00**	**28.37**	**20.33**
XXII.	Capital adequacy ratio	**10.26**	**9.95**	**10.26**	**9.95**
XXIII.	Earnings per 1 ordinary share (in PLN/EUR per share) (for 6 months)	**16.45**	**9.58**	**4.29**	**2.45**
XXIV.	Diluted earnings per 1 ordinary share (in PLN/EUR per share) (for 6 months)	**16.41**	**9.52**	**4.28**	**2.43**
XXV.	Declared or paid dividend per share (in PLN/EUR per share)	**-**	**-**	**-**	**-**

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

SELECTED FINANCIAL DATA FOR THE BANK		in'000 PLN		in'000 EUR	
		Three quarters of 2007 from 01-01-2007 to 30-09-2007	Three quarters of 2006 from 01-01-2006 to 30-09-2006	Three quarters of 2007 from 01-01-2007 to 30-09-2007	Three quarters of 2006 from 01-01-2006 to 30-09-2006
I.	Interest income	**1 317 268**	**964 843**	**343 809**	**246 316**
II.	Fee and commission income	**415 420**	**287 594**	**108 425**	**73 420**
III.	Net trading income	**366 814**	**274 894**	**95 739**	**70 178**
IV.	Operating profit	**671 708**	**265 096**	**175 317**	**67 677**
V.	Profit before income tax	**671 708**	**265 096**	**175 317**	**67 677**
VI.	Net profit	**549 652**	**221 273**	**143 460**	**56 489**
VII.	Cash flows from operating activities	**(1 792 659)**	**(3 329 914)**	**(467 886)**	**(850 097)**
VIII.	Cash flows from investing activities	**79 695**	**(263 724)**	**20 800**	**(67 326)**
IX.	Cash flows from financing activities	**1 175 325**	**1 633 063**	**306 761**	**416 906**
X.	Net increase / decrease in cash and cash equivalents	**(537 639)**	**(1 960 575)**	**(140 324)**	**(500 517)**
XI.	Total assets	**44 636 084**	**34 330 977**	**11 816 303**	**8 618 295**
XII.	Amounts due to the Central Bank	**-**	**1 084**	**-**	**272**
XIII.	Amounts due to other banks	**7 741 599**	**4 266 649**	**2 049 397**	**1 071 080**
XIV.	Amounts due to customers	**30 143 858**	**24 910 150**	**7 979 843**	**6 253 332**
XV.	Equity	**2 989 270**	**2 235 402**	**791 336**	**561 165**
XVI.	Share capital	**118 460**	**117 838**	**31 359**	**29 582**
XVII.	Number of shares	**29 614 972**	**29 459 506**	**29 614 972**	**29 459 506**
XVIII.	Book value per share (in PLN/EUR per share)	**100.94**	**75.88**	**26.72**	**19.05**
XIX.	Diluted book value per share (in PLN/EUR per share)	**100.68**	**75.42**	**26.65**	**18.93**
XX.	Capital adequacy ratio	**11.02**	**10.69**	**11.02**	**10.69**
XXI.	Earnings per 1 ordinary share (in PLN/EUR per share)	**18.60**	**7.55**	**4.85**	**1.93**
XXII.	Diluted earnings per 1 ordinary share (in PLN/EUR per share)	**18.55**	**7.51**	**4.84**	**1.92**
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 September 28, 2007 – 1 EUR = 3.7775 PLN and an exchange rate announced by the National Bank of Poland as at September 29, 2006 – 1 EUR = 3.9835 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 third quarter of 2007 and 2006:
  1 EUR = 3.8314 PLN and 1 EUR = 3.9171 PLN respectively.

Introduction

The profit before tax of the BRE Bank Group after Q3 2007 was PLN 749.8 million, compared to PLN 403.4 million in Q1-3 2006, up by PLN 346.4 million or 86% year on year. Profitability grew both in continued and discontinued operations. The profit on continued operations was PLN 646.6 million in Q1-3 2007, compared to PLN 373.7 million generated in Q1-3 2006; the profit on discontinued operations was PLN 103.2 million in Q1-3 2007, compared to PLN 29.7 million in 2006. The major contribution to discontinued operations in 2007 was the profit on the sale of SAMH at PLN 89.5 million; in 2006, the profit on discontinued operations included the year's profit of the subsidiaries SAMH and PTE including consolidation adjustments.

The pre-tax profit generated in Q3 2007 was PLN 210.2 million, compared to PLN 230.8 million in Q2 2007. The income on the core business (net interest income and net commission income) was up by ca. 5% despite a modest decrease in the net commission income. The trading income was down by ca. 17% quarter on quarter, mainly due to a lower profit on derivative instruments. The lower Q3 pre-tax profit was also affected by negative net credit and loans impairment provisions at PLN 34.8 million. The provisions were largely driven by the Bank's impairment provisions due to a significant growth of the loans portfolio.

Overhead costs of the Bank and the Group subsidiaries were down quarter on quarter in Q3 2007.

The significant year-on-year growth in operating income combined with a strict cost discipline helped to improve the profitability and productivity ratios. The ratios improved both year on year and compared to the financial targets.

The Group's profit before tax on continued and discontinued operations as a percentage of average annual funds was 37.8% p.a., compared to 25.2% p.a. in Q1-3 2006 (ROE before tax of continued operations was 32.6%, compared to 23.4%, respectively). The Group's cost/income ratio including discontinued operations (CIR measured as overhead costs and amortisation/depreciation to income including net other operating income and cost) was 53.7% at the end of September 2007, compared to 64% in Q1-3 2006. The ratio for continued operations only was 56.9% in 2007 and 64.7% in 2006.

The main drivers of the financial results included:

1. Ongoing growth of the loans portfolio and customers' deposits thanks to expansion of retail banking and continued upturn in the corporate loans market, which was decisive to improvement of the balance-sheet structure in terms of the profitability of business. The loans portfolio as a percentage of the balance-sheet total grew to 61.1% in Q1-3 2007 compared to 57.7% in 2006.
2. Continued positive trends in the financial and fx markets, enabling a high trading income. A modest decline of conditions on the market of financial instruments in Q3 affected the quarterly result on these transactions.
3. Significant contribution of the subsidiaries to the Group's results. The accounting profit before tax generated by the Group subsidiaries (including both continued and discontinued operations) totalled PLN 172.8 million, compared to PLN 163.9 million in Q1-3 2006, even though SAMH was excluded from the Group.
4. Strict cost discipline, both at the Bank and the subsidiaries.
5. Continued high quality of the loans portfolio resulting in relatively low credit and loans impairment provisions charged to the costs of the Group at PLN 40.7 million after Q1-3 2007.

Macroeconomics in Q3 2007

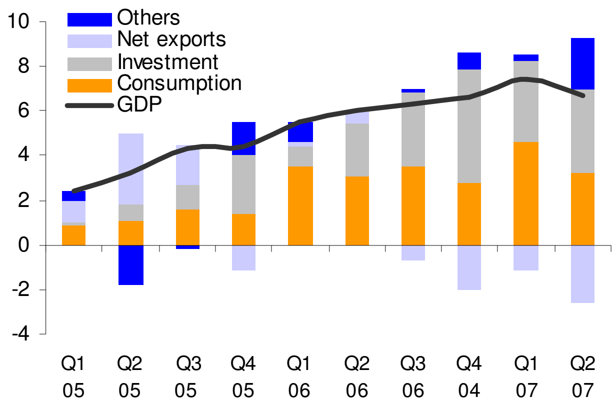
GDP

Macroeconomic data published in Q3 confirm that fast economic growth continued. The GDP growth rate was 6.7% in Q2 2007, down slightly from 7.4% in Q1 2007. The growth rate reported in Q1 will be difficult to sustain as it was largely driven by particularly favourable weather conditions. The slow-down in economic growth in Q2 was less sharp than expected thanks to a particularly high increase in inventories. Without the change in this largely unforeseeable and volatile component, GDP would have grown by only 5% year on year in Q2, closely to the current potential growth rate of the Polish economy.

Growth in investment fell from 29.6% in Q1 to 22.3% in Q2 (year on year) but remained very high. Investment made the greatest contribution to GDP growth in Q2: it was estimated at 3.8 percentage points, up by 0.2 percentage points quarter on quarter. Growth in private consumption fell from 6.9% to 5.1%, more sharply than expected; as a result, its contribution to GDP growth fell from 4.6 to 3.2 percentage points. The statistics indicating a modest decrease in the growth in consumption are out of kilter with growth in retail sales which remained relatively high. Retail sales grew by over 15% (year on year) on average each month between January and August 2007; combined with the accelerating growth in wages, this suggests that growth in private consumption will step up again in H2 2007.

In H1 2007, the trends affecting the structure of GDP growth, observed already in late 2005, consolidated; as a result, GDP is increasingly dependent on growth in domestic demand. Fast growth in consumption and investments combined with the strengthening of the local currency drive demand for imports. Growth in imports (according to national accounts) has remained at about 15% for several quarters while growth in exports fell below 10% in H1 2007. This caused a sharp increase in the trade deficit and a more negative contribution of net exports to GDP growth (up to -2.6 percentage points in Q2).

Structure and dynamics of GDP growth

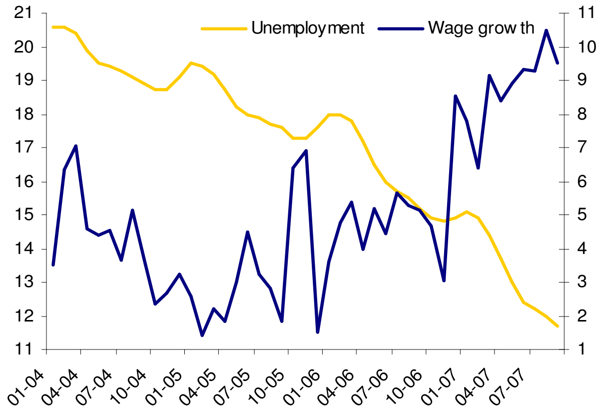


While the balance of payments in August unexpectedly showed that growth in exports was again higher than growth in imports in August, yet this does not seem to bring a lasting reversal of the upward trend in the trade deficit. The import intensity of investment will drive further demand for imported goods while the declining external competitiveness and increasing competition of the domestic market will strongly impede growth in exports. With a growing trade imbalance, the current account deficit was growing fast to about 3.8% of GDP in August.

Labour Market

Fast economic growth is coupled with fast growth in employment. The number of workers in the corporate sector was up by 4.7% year on year at the end of September. Professional activity surveys indicate a similar growth in employment: according to the surveys, the number of workers in the economy grew by 4.8% or nearly 700 thousand people between the end of June 2006 and the end of H1 2007. Fast formation of new jobs, large-scale economic migration, and demographic trends with a smaller population entering the labour market contribute to fast decrease in the unemployment rate. The unemployment rate was 12% at the end of August and according to preliminary estimates fell by another 0.3 percentage points by the end of September. Labour force survey paints an even better picture: the unemployment rate was only 9.6% at the end of Q2 2007. Availability of legal employment abroad largely helped to eliminate unemployment in the large young population of the late 70's / early 80's baby-boom. As a result of the situation in the labour market, companies find it increasingly difficult to recruit qualified workers. This causes fast growth in wages. In Q2 2007, the average wage was up by 8.9% year on year in the whole economy and by close to 10% year on year in the corporate sector. With continued strong demand for new workers and their gradually subsiding supply, the trends in wages are unlikely to change in the nearest future.

Registered unemployment rate (%) and wage growth (% yoy)



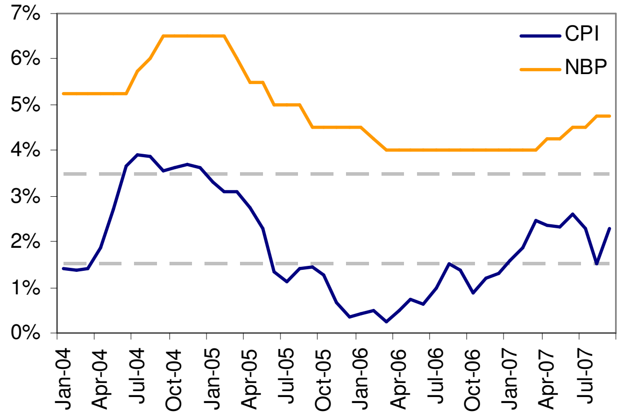
The fast growth in wages is not fully offset by growth in productivity; as a result, unit labour cost is growing. It was up by 6.2% year on year in August in the corporate sector and by 8.3% in Q2 2007 in the economy. The fast growth in labour costs carries the risk of rising inflation pressure and falling competitivity of Polish producers.

Inflation and NBP Interest Rates

After a temporary fall in inflation (to 1.5% in August), the CPI grew again to 2.3% in September. Inflation fell in the summer due to seasonal effects and a promotional price cut of internet services in August. The CPI rose in September largely due to high increase in food prices (up by 2.6% month on month), including mainly vegetables, butter and bread. Prices of services continue to rise sharply, especially prices in the restaurant and hotel business (up by 3.8% year on year). The fast growth in wages may soon boost margins and prices in retail trade. Despite the still strong financial standing of the majority of companies, in the long term they are unlikely to accept margin erosion caused by rising unit labour costs. Therefore, the CPI may rise further and exceed the NBP inflation target at the year-end.

In August, the Monetary Policy Council decided to hike the interest rates for a third time this year. The NBP reference rate was raised by 0.25 percentage points to 4.75%. The decision was largely based on the conviction of most Council members that a high risk of overshooting the inflation target arose in the mid term. The risk is mainly driven by unfavourable trends in the relationship between the growth in wages and the growth in productivity, as well as GDP growth exceeding the potential growth.

CPI inflation (% yoy), inflation rate target range(% yoy) and NBP base rate (%).

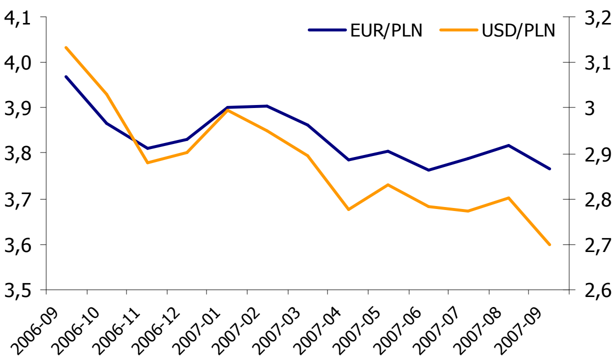


The Council is increasingly concerned with the situation in the public finance and the growing imbalance in the current account of the balance of payments. Further growth in the external imbalance could stop or revert the strengthening of the local currency and thus pose another threat to price stability. As the risk of further increase in inflation pressure prevails, opinions of most analysts and the prices of financial instruments reflect an expectation of further NBP interest rate hikes in the coming months.

Financial Markets

The global financial markets shook strongly in Q3 2007. The subprime mortgage crisis in the US affected the market of financial instruments secured with mortgage loans and threatened the financial standing of many actors in that market. As a result, general risk aversion increased, liquidity of the key credit markets fell dramatically, and stock exchange indices plummeted. It was only after a determined reaction of the central banks in the eurozone, the US and the UK, especially the Fed's 50 basis points interest rate cut, that the financial markets stabilised in late September.

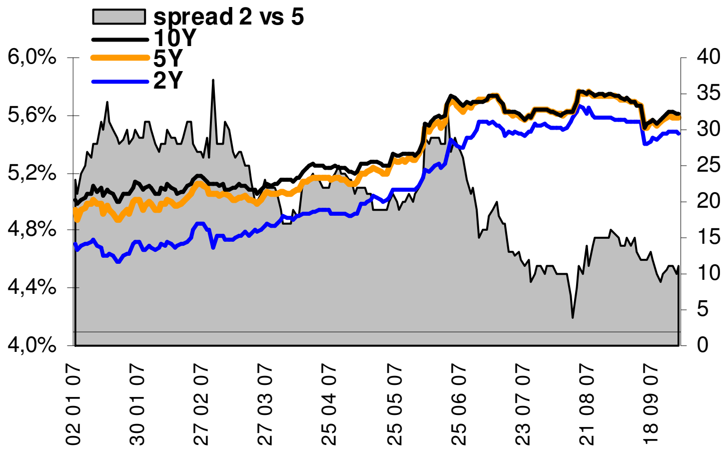
Exchange rates



The negative sentiment in the emerging markets caused a temporary weakening of the zloty, especially against the euro; however, at the end of Q3, the zloty made up for the loss and closed at PLN 3.77 to the euro. The strengthening of the zloty was helped by the August interest rate hike introduced by the Monetary Policy Council and the ECB decision to stop the interest rate hike cycle in the eurozone. The US interest rate cut, which was deeper than expected, weakened the dollar which was at its historical low of USD 1.42 to the euro. As the euro appreciated, the Polish currency strengthened further and traded at PLN 2.70 to the greenback. In mid-October, the USD/PLN exchange rate was the lowest in more than 10 years, trading at about 2.62.

In the debt market, yields were growing modestly until the end of August, but the trend reversed in September. This was driven by improving sentiments in global markets and the "inflation surprise" as the CPI was down at 1.5% in August. As a result, the yield of 2-year debt at the end of September was close to the yield at the end of Q2 while the yields of 5 and 10-year papers were down modestly.

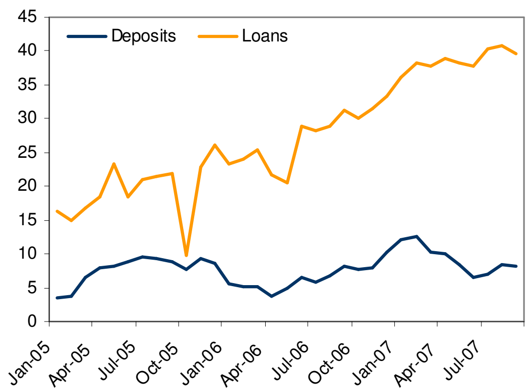
2-, 5- and 10-year bond yields.



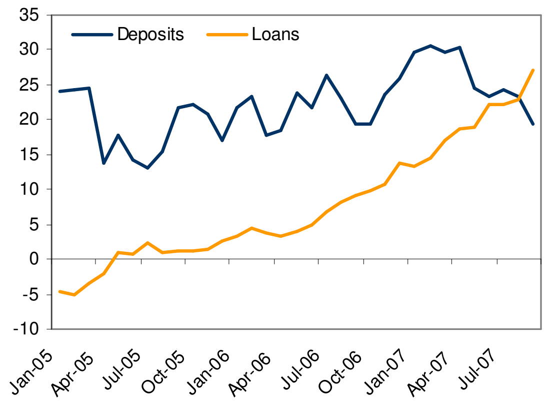
Banking Sector

A high 40% growth in household loans prevailed in Q3 2007. Housing loans continued to grow the fastest (by approximately 57% year on year in August) but consumer loans and credit cards debt also continued to grow relatively fast. Growing demand for credit was driven by prevailing optimistic consumer sentiments and fast growing income boosting the creditworthiness of households. Demand for mortgage loans was also helped by a slow-down in real property price rises. Growth in household deposits remained very modest (8.2% year on year in September) although it was slightly higher in August when other investments became less attractive. Growth in corporate loans continued to accelerate, largely due to continued investment growth. Year-on-year growth in corporate debt was up at 24.5% in September, considerably higher than growth in corporate deposits (down at 19.5%) for the first time in many years. It should be stressed that due to the much faster growth in loans granted to entities of the non-financial sector compared to the growth in their deposits, banks' amounts receivable from the sector exceeded liabilities to the sector in September. This has potential far-reaching implications to further growth of the banking sector as banks will have to work harder to seek alternative sources of funding their growing loans.

Loan and deposit growth In the household sector (% yoy).



Loan and deposit growth In the enterprise sector (% yoy).



Key Drivers of the BRE Bank Group's Performance in Q3 2007

Balance Sheet

The BRE Bank Group's balance sheet total was PLN 51.8 billion at 30 September 2007, up by 31.6% year on year and up by nearly 6% quarter on quarter.

Credits and loans grew the fastest in nominal terms, by more than PLN 8.9 billion or 39.5% year on year. High growth was reported for both retail loans and corporate loans thanks to an upturn in the corporate loans market. The retail loans portfolio grew by 65.3% year on year while the corporate loans portfolio grew by 29%.

Advances and loans to banks were up by 66.8% year on year in Q1-3 2007, while trading securities were down by 52.2% year on year.

Of all sources of funding, amounts due to clients grew the most in nominal terms in 2007: they were up by PLN 6.3 billion or 27.6% year on year.

Credit lines, issues of bonds, and subordinated debt were supplementary sources used to finance the growth in assets in Q1-3 2007.

Amounts due to other banks grew by 75.1% year on year, mainly due to Swiss franc loans extended by Commerzbank in 2006 and used to finance the growing housing loans portfolio mainly in the Swiss franc. Available long-term credit lines grew by ca. PLN 3.6 billion.

The share of equity in sources of funding grew from 6.1% at 30 September 2006 to 6.15% at 30 September 2007.

The capital adequacy ratio was 10.26% at the end of September 2007, compared to 9.95% at the end of September 2006. The ratio was stable mainly due to a significant increase in the BRE Bank Group's equity by the retention of the entire 2006 profit and the H1 2007 net profit under equity, which also allowed for full utilisation of the subordinated loan as supplementary capital. Positive impact was exerted by a decrease in the Group's intangible fixed assets and the goodwill of subsidiaries, mainly through the sale of SAMH. As a result, the Group's equity was PLN 3.8 billion at the end of September 2007, compared to PLN 2.8 billion at the end of September 2006, while the capital requirement grew from PLN 2.2 billion to PLN 3 billion respectively.

Profit and Loss Account

The BRE Bank Group generated a profit before tax of PLN 749.8 million in Q1-3 2007, up by 85.9% 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 continued operations.

The consolidated profit before tax of continued operations grew by 73% in Q1-3 2007 and was PLN 646.6 million thanks to nearly all P&L items.

The net interest income grew significantly, by over 40% year on year. It was PLN 736.7 million, compared to PLN 525.4 million in 2006. The higher net interest income was possible thanks to high growth both at the Bank and the subsidiaries. The BRE Bank Group's interest margin (net interest income to average interest-earning assets) was 2.3% p.a. in Q1-3 2007, compared to 2.1% p.a. in Q1-3 2006. The net interest income in 2007 was helped by changes in the BRE Bank Group balance sheet structure. A more effective balance sheet structure was possible through a higher contribution of the Retail Banking Line to the Bank's assets and liabilities, as well as a growing portfolio of corporate loans. The growing income from lending and a positive change in the structure of financing enabled a significant growth in the net interest income and growing profitability as measured by the interest margin. Corporates and Financial Markets made the greatest contribution to the net interest income of the BRE Bank Group - up by PLN 104.9 million. The net interest income of Retail Banking Line grew by PLN 100.6 million within the same period.

The net commission income grew by 48.4% year on year in Q1-3 2007 and was PLN 428.5 million, compared to PLN 288.7 million in Q1-3 2007. The net commission income grew significantly year on year at the Bank and fell modestly at the subsidiaries. The Retail Banking Line reported the highest growth in the net commission income followed by Corporations and Financial Markets thanks to active investor trading on the Warsaw Stock Exchange, which boosted the income of DI BRE.

Corporations and Financial Markets again made the largest contribution to the net commission income at 63.3% of the Group's income. Thanks to a high growth by almost 145% year on year, the contribution of the Retail Banking Line to the Group's net commission income grew steadily to 32.4% at the end of September 2007.

Trading income at PLN 378.1 million in Q1-3 2007 grew sharply, up by 31.9% year on year. Trading and Investments again made the highest contribution to trading income at 39.8%. Retail Banking (20.6%) and Corporates and Institutions (39.7%) have a growing share in trading income, mainly thanks to fx margins.

The growth in trading income was reported mainly by the Bank whose contribution to the Group's trading income was overwhelming at 97%.

Credit and loans impairment provisions were PLN 40.7 million in Q1-3 2007, stable year on year. Provisions set up in Q1-3 2007 at the Bank were PLN 29.5 million, up by 15% year on year, while provisions at the subsidiaries were down by over 20% year on year (at PLN 11.2 million).

Consolidated overhead costs were up by 21.8% or approximately PLN 138.5 million year on year in Q1-3 2007. The highest growth occurred in payroll costs, up by PLN 94.2 million or 27.6% year on year due to business expansion necessitating headcount growth as well as gradually created bonus provisions. Maintenance costs grew by 13.5% or ca. PLN 37.4 million year on year mainly as a result of the expanding branch network and the expansion of business operations of the Bank and the subsidiaries.

Performance of the Business Lines

The discussed results of the BRE Bank Group segments refer to the report covering continued and discontinued operations cumulatively.

The analysis of segment results was carried out pursuant to the business classification changed in 2007 at the BRE Bank Group and first presented in the Q1 2007 report.

Retail Banking and Private Banking

Financial Results

The Retail Banking and Private Banking Line, which was growing the fastest, reported a profit before tax of PLN 197.7 million in Q1-3 2007, compared to PLN 65.9 million in Q1-3 2006. The contribution of the Business Line to the Group's pre-tax profit was up from 16.3% in 2006 to over 26%. Its net interest income (up by over 48%), net commission income (up by 144.7%) and trading income (up by almost 70%) grew faster than the Group average.

The Business Line's contribution to the Group's total net interest and commission income grew from 30.2% in Q1-3 2006 to 38.2% in 2007.

Thanks to dynamic expansion of the branch network, the Retail Banking Line reported a significant increase in overhead costs, up by approximately 37%, more than the Group's average but much less than the growth rate of the Line's income (over 70%).

The significant growth in profit was largely driven by the dynamic growth in the loans portfolio, mainly the portfolio of mortgage loans carrying a low credit risk (portfolio of retail mortgage loans up by 71.2% or PLN 4.3 billion year on year), which boosted a sharp growth in net interest and commission income offsetting the ongoing credit margin squeeze.

Customers

BRE Bank's Retail Banking Line had 1,915.9 thousand customers at the end of September 2007 (including 1,524.5 thousand at mBank and 391.4 thousand at MultiBank). The Line acquired 289.7 thousand new customers year to date (up by 17.8%; 235 thousand at mBank, 54.7 thousand at MultiBank) and 97.9 thousand customers in Q3 2007 alone (up by 9.4% quarter on quarter).

There were 218.8 thousand microenterprise customers (159.7 thousand at mBank, 59.1 thousand at MultiBank). The number of microenterprise customers grew by 33.2 thousand year to date (up by 17.9%; 24.9 thousand at mBank, 8.3 thousand at MultiBank) and by 12.2 thousand customers in Q3 2007 alone (up by 27.1% quarter on quarter).

Accounts

The Retail Banking Line had 2,268.2 thousand accounts as at 30 September 2007 (2,028.9 thousand at mBank, 239.3 thousand at MultiBank). The number of accounts grew by 354.2 thousand year to date (up by 18.5%; 325.8 thousand at mBank, 28.4 thousand at MultiBank) and by 115.4 thousand in Q3 2007 alone (up by 9% quarter on quarter).

There were 259.9 thousand microenterprise accounts (203.8 thousand at mBank, 56.1 thousand at MultiBank). The number of microenterprise accounts grew by 37.8 thousand year to date (up by 17%; 32.7 thousand at mBank, 5.1 thousand at MultiBank), and by 11.8 thousand in Q3 alone.

Deposits

The Retail Banking Line had deposits of PLN 9,044.5 million at the end of September 2007 (PLN 6,665.5 million at mBank, PLN 2,379.0 million at MultiBank).

Balance-sheet deposits grew by PLN 1,983.3 million year to date (up by 28.1%; PLN 1,358.6 million at mBank, PLN 624.7 million at MultiBank) and by PLN 1,093.5 million in Q3 2007 alone.

At the end of August, the Retail Banking Line had a 3.5% market share in deposits.

Investment Funds

BRE Bank's retail customers' assets in investment funds were PLN 2,718.9 million at the end of September 2007 (PLN 2,058.1 million at mBank, PLN 660.8 million at MultiBank).

Investment fund assets grew by PLN 1,131.0 million year to date (up by 71.2%; PLN 842.8 million at mBank, PLN 288.2 million at MultiBank) and were down by PLN 185 million in Q3 alone.

At the end of August, the Retail Banking Line had a 1.9% market share in investment funds.

Loans

Balance-sheet loans were PLN 12,173.9 million at the end of September 2007 (PLN 4,893.7 million at mBank, PLN 7,280.2 million at MultiBank). Loans grew by PLN 3,941.4 million year to date (up by 47.9%; PLN 1,848.7 million at mBank, PLN 2,092.7 million at MultiBank) and by PLN 1,488.7 million in Q3 2007 alone (34.7% more than in Q2).

At the end of August, the Retail Banking Line had a 5% market share in loans.

Microenterprise loans granted to customers running a business were PLN 1,070.4 million at the end of September 2007 (PLN 123.0 million at mBank, PLN 947.4 million at MultiBank), of which 41% were mortgage loans (16.4% at mBank, 40.5% at MultiBank). Loans to microenterprises had the biggest share in loans to customers running a business.

Loans Portfolio Structure:

- mBank: 85.0% mortgage loans (PLN 4,160.3 million), 5.2% credit lines (PLN 255.3 million), 3.9% credit cards (PLN 189.6 million), 5.9% other (PLN 288.5 million);
- MultiBank: 85.1% mortgage loans (PLN 6,192.6 million), 5.7% credit lines (PLN 416.2 million), 1.5% credit cards (PLN 111 million), 7.7% other (PLN 560.4 million).

The Retail Banking Line's balance-sheet mortgage loans were PLN 10,352.9 million at the end of September 2007 (PLN 4,160.3 million at mBank, PLN 6,192.6 million at MultiBank), including PLN 10,048.6 million of mortgage loans to retail customers (PLN 4,140.1 million at mBank, PLN 5,809.5 million at MultiBank). The Retail Banking Line's balance-sheet mortgage loans grew by PLN 3,315.7 million year to date (up by 47.1%; PLN 1,534.9 million at mBank, PLN 1,780.9 million at MultiBank) and by PLN 1,264.3 million in Q3 2007 alone (47% more than in Q2).

FX loans (mainly CHF) were 78.2% of balance-sheet mortgage loans (82.2% at mBank, 75.6% at MultiBank).

Retail Mortgage Loans	**Total**	**PLN**	**FX**
Balance-sheet value (PLN B)	10,3	2,2	8.1
Average maturity (years)	23.2	21.1	23.7
Average value (PLN k)	174.4	197.4	172.9
Average LTV (%)	64.95%	58.22%	66.27%
NPL (%)	0.4%	1.5%	0.2%

As at 28.09.2007

BRE Bank SA's Retail Banking ranked **third** among banks in Poland at the of July in terms of **mortgage loans granted to retail customers in 2007**.

BRE Bank SA's Retail Banking controlled 10.4% of the market at the end of July (period January-July 2007).

Cards

There were 220.2 thousand credit cards issued by the end of September 2007 (138.8 thousand at mBank, 81.4 thousand at MultiBank), up by 68.5 thousand year to date (up by 45.1%; 47.5 thousand at mBank, 21 thousand at MultiBank) and up by 25.5 thousand in Q3 2007 alone (20% more than in Q2).

There were 1,323.4 thousand debit cards issued by the end of September 2007 (999.9 thousand at mBank, 323.5 thousand at MultiBank), up by 277.2 thousand year to date (up by 26.5%; 217.6 thousand at mBank, 59.6 thousand at MultiBank) and up by 92 thousand in Q3 2007 alone (5% more than in Q2).

At the end of August, the Retail Banking Line had a 3.7% market share in credit cards by volume of debt.

Expansion of the Distribution Network in 2007

mBank:

The mBank distribution network has 83 locations (58 mKiosks, 15 Financial Centres, 10 Partner mKiosks).

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MultiBank:

The MultiBank distribution network has 102 outlets (37 Financial Services Centres, 38 Partner Outlets, 9 mini Financial Services Centres, 18 Outlets of the Future).

Corporations and Financial Markets

Financial Results

The business segment which covers lending and investment banking products sold to corporate customers generated a profit before tax of PLN 449.1 million in Q1-3 2007. The segment made the largest contribution to the Group's profit at 59.9%. Nearly all profit components improved year on year but the core business grew the most. The profit was up by PLN 127.5 million year on year. This was helped by ongoing positive sales trends, the improving quality of the loans portfolio, and very high productivity.
Both assets (Corporations and Financial Markets assets up by 19% from PLN 34.7 billion to PLN 41.3 billion) and liabilities (up by 25.9% from PLN 31.4 billion to PLN 39.6 billion) grew significantly in Q1-3 2007. The dynamic growth of business was mainly reflected in the very high net interest income (PLN 440.5 million) and net commission income (PLN 283.9 million). The ongoing positive trends in financial and fx markets enabled an equally high trading income (PLN 300.4 million) including fx transactions and profit on fx financial instruments.

The contribution of Corporations and Financial Markets subsidiaries to the Line's profit remained high (including the cost of financing and consolidation adjustments) at 27.4%. The largest contributions came from DI BRE, BRE Leasing Sp. z o.o., BRE Bank Hipoteczny S.A., and Intermarket Bank AG.
The Corporations and Financial Markets segment includes sub-segments: Corporate Customers and Institutions which covers the key area of customer relations, and Trading and Investments, the area of liquidity and risk management.

Corporate Customers and Institutions

Financial Results

The profit before tax at PLN 350 million generated in Q1-3 2007 was up by approximately PLN 126.4 million year on year, mainly thanks to a higher income on the core business. Particularly high year-on-year growth was reported for net interest income (up by ca. PLN 82 million) due to a strong growth in lending. In addition, credit risk provisions charged were down year on year while the growth in costs was relatively low, helping the productivity of business.

The contribution of Corporate Customers and Institutions to the profit before tax of Corporations and Financial Markets remained high at 77.9% as a result of a growing share of reiterative customer transactions in the Group's results.

Corporates and Institutions

Corporate Customers

The Bank's very active customer acquisition produced positive results in Q1-3 2007. BRE Bank acquired 1,881 new corporate customers year to date, 10.4% more than in Q1-3 2006, of which 74% were K3 customers and 22% K2 customers. There were 12,343 corporate customers at the end of September 2007. The share of customers who bought service packages was 56.2% of all segment K3 customers at the end of September 2007.

Corporate Banking Customers

	31.12.2006	*30.09.2007*	*Change*
*K1**	969	987	18
*K2**	3 470	3 679	209
*K3**	7 003	7 677	674
Total	11 442	12 343	901

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

Corporate Customers Deposits

BRE Bank's corporate customers' deposits (including deposits of enterprises) were PLN 18.2 billion at the end of September 2007, up by PLN 2.0 billion year to date. Deposits of enterprises were PLN 12.7 billion at the end of September, up by 18.7% year to date. The market share of BRE Bank's corporate deposits was 9.6%, compared to 8.6% in December 2006.

Corporate Customers Loans

BRE Bank's loans granted to corporate customers (including enterprises) were PLN 12.2 billion at the end of September 2007, up by PLN 3.0 billion year to date (including PLN 0.3 billion of a large exposure to a public sector institution). Loans to enterprises were PLN 11.0 billion, up by over 30% year to date. The market share of BRE Bank's loans granted to corporate customers was 6.4% at the end of September 2007, compared to 5.9% at the end of 2006.

Strategic Product Lines

Cash Management

Ongoing expansion of the cash management service supports long-term customer relationships and helps to grow the volume of transactions involving the identification of payments (direct debits, identification of mass payments, identification of trade payments). The number of *direct debits* processed in Q1-3 2007 was 1,330 thousand, up by almost 36% year on year. The number of *identifications of mass payments* processed in Q1-3 2007 was nearly 68.6 million, stable year on year. The number of *identifications of trade payments* grew the most. There were 3.1 million transactions in January-September 2007, up by 76.1% year on year.

Banking Products with EU Financing

BRE Bank's growing position in financing investments supported by EU funding helped to grow the volume of sold banking products with EU financing (commitments, loans, guarantees). The sales of products including EU co-financing in Q1-3 2007 went beyond 46.3% of the 2006 annual sales and provided commission income at 147%. of the 2006 annual commission income

Trade Finance

Products used in trade finance and settlements (export letters of credit, documentary collections) will be available through iBRE as of late October 2007.

Financial Instruments

The profit on the sales of financial instruments to corporate customers was over PLN 127 million in January-September 2007, up by 27.7% year on year.

Corporate Branch Network Expansion

In Q1-3 2007, BRE Bank continued to optimise and rearrange the corporate branch network in order to develop new branch functions and to launch business offices as sales units of the existing branch network. The new visualisation of 2 further Corporate Branches (Łódź and Kalisz) was completed. Currently 2 Corporate Business Offices are operational (Koszalin and Toruń), another 6-8 Offices will open later this year.

Subsidiaries

<u>BRE Leasing</u>

Leasing contracts executed by BRE Leasing in Q1-3 2007 totalled PLN 2.2 billion (up by 33.5% year on year). BRE Leasing generated a pre-tax profit of PLN 36.9 million in Q1-3 2007, up by nearly 71% year on year.

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

The sales of the Intermarket Group companies totalled EUR 4.1 billion year to date by the end of September 2007, up by 15% year on year. The pre-tax profit of the companies was PLN 38.1 million, vs. PLN 38.5 million in Q1-3 2006. The Polish company Polfactor's sales were PLN 2.5 billion, up by 21% year on year. Its pre-tax profit was PLN 8.8 million in Q1-3 2007.

<u>DI BRE Banku</u>

DI BRE's market share in options is over 24%. The company ranked second in the rating of the most active brokers in the futures market after Q3 2007 with an 11.8% share in trading. DI BRE retained its high share in equity trading: 6.76% of all equity market transactions were brokered by DI BRE in Q1-3 2007, compared to 6.11% in all of 2006. DI BRE completed 9 IPOs year to date. Its profit before tax was PLN 43.3 million after Q3 2007 (up by 134% year on year vs PLN 18.5 million in 2006).

DI BRE ranked first in a Forbes rating of top quality brokers. The DI BRE Research Team came second in an AQ Research rating of top research teams in CEE.

<u>BRE Corporate Finance</u>

BRE CF successfully closed 16 deals in Q1-3 2007, including 7 M&As, 1 capital increase, and 8 public deals, all totalling more than PLN 1.2 billion.

The company's sales were PLN 8.85 million in Q1-3 2007 (up by 46% year on year) and its profit before tax was PLN 1.5 million comparing to PLN -0.6 million in 2006.

BRE Bank Hipoteczny (BBH)

BRE BH's balance-sheet portfolio was close to PLN 3.9 billion at the end of September 2007, up by 26.9% year on year at the end of September 2007. The company's profit before tax was PLN 28.0 million (comparing to PLN 31.4 million in Q1-3 2006).

Trading and Investments

Financial Results

The profit before tax at PLN 99.1 million generated in Q1-3 2007 was comparable to the profit of Q1-3 2006 (PLN 98 million). The structure of income of Trading and Investments changed considerably.

The net interest income was up by PLN 12.6 million and the trading income was up by PLN 20.9 million year on year. The Line's dividend income, profit on investment securities, and other operating income was down year on year due to one-off income earned last year.

The profit grew less in Q3 2007 than in Q1 and Q2 2007, mainly due to a much lower trading income and profit on investment securities.

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

Market Position

BRE Bank is ranked first on the bank bonds market (32.3% market share), second on the short-term debt securities (18.4% market share) and on the corporate bonds market. Moreover, BRE Bank was again ranked first in the T-bonds and bills Dealer Ranking organized by the Ministry of Finance (ranking comprises IIQ2007).

Thanks to its active presence on the financial markets, the Bank's market share in interest rate derivative instruments was 18.6% and in trading in Treasury bonds and bills 17%. Its share in spot and forward fx transactions was 6% and in WIG-20 index options 17% (at the end of August 2007).

Proprietary Investments Portfolio

At the end of Q3 2007, the proprietary investments portfolio stood at PLN 278 million at cost. Compared to the beginning of 2007 the value of portfolio has changed insignificantly (down by 0.06%). Compared to the end of Q2 2007, the value of portfolio at cost remained at the same level. The book value of the proprietary investments portfolio decreased, compared to the end of Q2, by PLN 14.8 million, because of revaluation of Vectra shares value at the end of September. The revaluation has been booked in correspondence with revaluation reserve and has had no impact on the profit and loss account of the Group.

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 the profit on the sale of the subsidiary SAMH and the profit of the subsidiary PTE held for sale. 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 pre-tax profit of PLN 90.1 million in Q1-3 2007, compared to PLN 16.7 million in Q1-3 2006. The year-on-year growth in the operating profit of the business segment was mainly owed to the sale of SAMH. The Bank sold SAMH to Polish Enterprise Fund V at a pre-tax profit of PLN 89.5 million on 8 January 2007.

On 29 June 2007, BRE Bank and Aegon Woningen Nova B.V. entered into the PTE Ergo Hestia and PTE Skarbiec-Emerytura Merger Agreement and the Option Agreement. The merger will take place through a take-over of the assets of PTE Skarbiec-Emerytura by PTE Ergo Hestia upon the receipt of all necessary legal approvals. The Option Agreement entitles the Parties to buy/sell all shares of the merged issue held by BRE Bank SA following the merger.

Quality of the Loans Portfolio

The Bank applies the provisions of the International Financial Reporting Standards (IFRS). The credit risk portfolio is stated under the provisions of the International Accounting Standards IAS 39 and IAS 37.

The default ratio for the risk portfolio under IAS 39 and IAS 37 was 2.8% at the end of 2006, 2.2% at the end of H1 2007, and 1.9% at the end of Q3 2007.

The default ratio for the balance-sheet credit risk portfolio (credit receivables less interest) was 3.0% at the end of Q3 2007 (down from 4.4% at the end of 2006 and 3.4% at the end of H1 2007).

The quality of the balance-sheet credit risk portfolio under the Polish Accounting Standards (rating of loans under the Regulation of the Finance Minister dated 10 December 2003) at the end of Q3 2007 also improved. Irregular loans were 4.6% of the balance-sheet credit risk portfolio, compared to 5.5% at the end of 2006 and 8.5% at the end of 2005. The ratio for the entire credit risk portfolio was 3.4% at the end of Q3 2007, 4.0% at the end of 2006, and 5.4% at the end of 2005.

The growth of the credit risk portfolio and the improvement of its quality as measured by the share of the default portfolio continued after 2006 into 2007.

The main factor of improvement in the quality of the credit risk portfolio in Q3 2007 was a significant growth in the loan portfolio. In addition, the financial standing of companies financed by the Bank improved considerably, restructuring was enforced, and default loans were repaid. This helped to keep the nominal default portfolio stable while new exposures were rated as default.

The ratio of provisions to default credit exposure grew from 73.2% at the end of 2006 to 80.8% at the end of Q3 2007 for the whole credit risk portfolio, and from 78.2% to 82.7% for the balance-sheet portfolio.

As the credit risk portfolio grew considerably, the impairment provision (IBNR) for the non-default portfolio grew and was PLN 134 million at the end of Q3 2007, compared to PLN 112 million at the end of 2006.

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Consolidated Income Statement

	Note	3rd Quarter (current year) from 01.07.2007 to 30.09.2007	III Quarters cumulative (current year) from 01.01.2007 to 30.09.2007	3rd Quarter (previous year) from 01.07.2006 to 30.09.2006	III Quarters cumulative (previous year) from 01.01.2006 to 30.09.2006
Continued operations					
Interest income		630 014	1 669 015	439 891	1 229 479
Interest expense		(362 244)	(932 315)	(245 763)	(704 078)
Net interest income	5	**267 770**	**736 700**	**194 128**	**525 401**
Fee and commission income		191 629	577 704	140 728	405 915
Fee and commission expense		(52 625)	(149 212)	(36 029)	(117 217)
Net fee and commission income	6	**139 004**	**428 492**	**104 699**	**288 698**
Dividend income	7	78	2 237	10 738	15 762
Net trading income, including:	8	119 798	378 080	90 557	286 661
Foreign exchange result		*115 128*	*323 571*	*71 966*	*256 656*
Other trading income		*4 670*	*54 509*	*18 591*	*30 005*
Gains less losses from investment securities	9	(3 249)	3 912	1 497	11 698
Other operating income	10	35 449	112 377	42 702	189 619
Impairment losses on loans and advances	11	(34 792)	(40 658)	(7 408)	(40 200)
Overhead costs	12	(252 202)	(774 121)	(218 815)	(635 623)
Amortization and depreciation		(46 550)	(134 894)	(41 267)	(121 687)
Other operating expenses	13	(15 077)	(65 490)	(33 650)	(146 546)
Operating profit		**210 229**	**646 635**	**143 181**	**373 783**
Share of profit of associates		-	-	-	(112)
Profit before income tax from continued operations		**210 229**	**646 635**	**143 181**	**373 671**
Income tax expense		(46 577)	(137 526)	(22 127)	(74 282)
Net profit from continued operations including minority interest		**163 652**	**509 109**	**121 054**	**299 389**
Discontinued operations	19				
Profit before income tax from discontinued operations		**8 999**	**103 198**	**11 068**	**29 697**
Income tax expense		(1 196)	(21 233)	(1 891)	(4 365)
Net profit from discontinued operations including minority interest		**7 803**	**81 965**	**9 177**	**25 332**
Net profit from continued and discontinued operations including minority interest, of which:		**171 455**	**591 074**	**130 231**	**324 721**
Net profit attributable to minority interest		7 205	22 958	4 584	18 675
Net profit		**164 250**	**568 116**	**125 647**	**306 046**
Net profit from continued operations attributable to the Bank's equity holders			**486 151**		**280 714**
Weighted average number of ordinary shares	14		**29 557 511**		**29 294 433**
Earnings per 1 ordinary share (in PLN per share)	14		**16.45**		**9.58**
Weighted average number of ordinary shares for diluted earnings	14		**29 632 671**		**29 475 772**
Diluted earnings per 1 ordinary share (in PLN per share)	14		**16.41**		**9.52**

IFRS Consolidated Financial Statements for the third quarter of 2007 PLN (000's)

Consolidated Balance Sheet

	Note	30.09.2007	31.12.2006	30.09.2006
ASSETS				
Cash and balances with Central Bank		1 698 483	3 716 607	1 254 468
Debt securities eligible for rediscounting at the Central Bank		27 670	26 725	27 964
Loans and advances to banks		4 684 071	2 844 124	2 808 297
Trading assets	15	1 787 413	3 516 149	3 741 156
Derivative financial instruments		1 641 790	1 413 065	1 256 772
Loans and advances to customers	16	31 632 032	23 044 694	22 682 681
Investment securities	17	4 321 967	3 055 516	3 621 791
- Available for sale		4 321 967	3 055 516	3 621 791
Non-current assets held for sale	19	328 690	385 194	317 063
Pledged assets	15, 17	3 683 156	2 702 180	2 042 321
Investments in associates		5 087	5 356	5 573
Intangible assets		373 991	381 111	403 515
Tangible fixed assets		605 725	580 108	565 274
Deferred income tax assets		96 959	65 112	83 128
Other assets		872 613	594 640	525 528
Total assets		**51 759 647**	**42 330 581**	**39 335 531**
EQUITY AND LIABILITIES				
Amounts due to the Central Bank		-	-	1 084
Amounts due to other banks		11 900 824	7 972 386	6 795 342
Derivative financial instruments and other trading liabilities		1 592 013	1 253 900	1 042 894
Amounts due to customers	18	29 020 215	24 669 856	22 748 486
Debt securities in issue		3 414 533	3 389 559	4 183 006
Subordinated liabilities		1 476 726	1 547 354	1 409 189
Other liabilities		849 840	759 799	568 329
Current income tax liabilities		107 435	20 047	10 603
Deferred income tax liabilities		30 218	312	213
Provisions		71 274	70 168	83 161
Liabilities held for sale	19	9 830	25 001	6 242
Total liabilities		**48 472 908**	**39 708 382**	**36 848 549**
Equity				
Capital and reserves attributable to the Bank's equity holders		**3 181 932**	**2 530 766**	**2 400 795**
Share capital:		**1 510 959**	**1 496 946**	**1 488 940**
- Registered share capital		118 460	118 064	117 838
- Share premium		1 392 499	1 378 882	1 371 102
Other reserves		**77 998**	**5 110**	**(3 663)**
Retained earnings:		**1 592 975**	**1 028 710**	**915 518**
- Profit from the previous years		1 024 859	607 452	609 472
- Profit for the current year		568 116	421 258	306 046
Minority interest		**104 807**	**91 433**	**86 187**
Total equity		**3 286 739**	**2 622 199**	**2 486 982**
Total equity and liabilities		**51 759 647**	**42 330 581**	**39 335 531**
Capital adequacy ratio		**10.26**	**10.39**	**9.95**
Book value		**3 181 932**	**2 530 766**	**2 400 795**
Number of shares		**29 614 972**	**29 516 035**	**29 459 506**
Book value per share (in PLN)		**107.44**	**85.74**	**81.49**
Diluted number of shares		**29 690 132**	**29 690 132**	**29 640 845**
Diluted book value per share (in PLN)		**107.17**	**85.24**	**81.00**

IFRS Consolidated Financial Statements for the third quarter of 2007 PLN (000's)

Consolidated Statements of Changes in Equity

Changes in consolidated equity from 1 January 2007 to 30 September 2007	Share capital		Other reserves	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
Additional shareholder payments	-	-	-	-	-	-	-	-	(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 2007 PLN (000's)

Changes in consolidated equity from 1 January 2006 to 31 December 2006	Share capital		Other reserves	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 2006	**115 936**	**1 307 907**	**(2 975)**	**-**	**(4 304)**	**558 000**	**60 675**	**-**	**73 231**	**2 108 470**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 975)**	**-**	**(4 304)**	**558 000**	**60 675**	**-**	**73 231**	**2 108 470**
Net change in investments available for sale, net of tax	-	-	7 162	-	-	-	-	-	-	7 162
Net change in cash flow hedges, net of tax	-	-	321	-	-	-	-	-	320	641
a) increase	-	-	*321*	-	-	-	-	-	*320*	*641*
Currency translation differences	-	-	602	-	-	-	-	-	231	833
Net profit not recognised in the income statement	**-**	**-**	**8 085**	**-**	**-**	**-**	**-**	**-**	**551**	**8 636**
Net profit	-	-	-	-	-	-	-	**421 258**	**25 136**	**446 394**
Total profit recognised in the current year	**-**	**-**	**8 085**	**-**	**-**	**-**	**-**	**421 258**	**25 687**	**455 030**
Dividends paid	-	-	-	-	-	-	-	-	(5 965)	(5 965)
Transfer to reserve capital	-	-	-	-	31 362	-	(31 362)	-	-	-
Transfer to supplementary capital	-	-	-	9 295	-	-	(9 295)	-	-	-
Issue of shares	2 128	63 231	-	-	-	-	-	-	-	65 359
Additional shareholder payments	-	-	-	-	-	-	-	-	(1 494)	(1 494)
Change in the scope of consolidation	-	-	-	-	-	-	(918)	-	-	(918)
Other changes	-	(160)	-	156	(467)	-	2	-	(26)	(495)
Stock option program for employees	-	7 904	-	-	(5 692)	-	-	-	-	2 212
- value of services provided by the employees	-	-	-	-	2 212	-	-	-	-	2 212
- settlement of exercised options	-	7 904	-	-	(7 904)	-	-	-	-	-
Equity as at 31 December 2006	**118 064**	**1 378 882**	**5 110**	**9 451**	**20 899**	**558 000**	**19 102**	**421 258**	**91 433**	**2 622 199**

IFRS Consolidated Financial Statements for the third quarter of 2007 PLN (000's)

Changes in consolidated equity from 1 January 2006 to 30 September 2006	Share capital		Other reserves	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 2006	**115 936**	**1 307 907**	**(2 975)**	**-**	**(4 304)**	**558 000**	**60 675**	**-**	**73 231**	**2 108 470**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	
- changes to accounting policies	-	-	-	-	-	-	-	-	-	**-**
- adjustment of errors	-	-	-	-	-	-	-	-	-	**-**
Adjusted equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 975)**	**-**	**(4 304)**	**558 000**	**60 675**	**-**	**73 231**	**2 108 470**
Net change in investments available for sale, net of tax	-	-	(3 704)	-	-	-	-	-	-	(3 704)
Net change in cash flow hedges, net of tax	-	-	321	-	-	-	-	-	320	641
a) increase	-	-	*321*	-	-	-	-	-	*320*	*641*
Currency translation differences	-	-	2 695	-	-	-	-	-	1 258	3 953
Net profit/(loss) not recognised in the income statement	**-**	**-**	**(688)**	**-**	**-**	**-**	**-**	**-**	**1 578**	**890**
Net profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**306 046**	**18 675**	**324 721**
Total profit recognised in the current year	**-**	**-**	**(688)**	**-**	**-**	**-**	**-**	**306 046**	**20 253**	**325 611**
Dividends paid	-	-	-	-	-	-	-	-	(4 437)	(4 437)
Transfer to reserve capital	-	-	-	-	32 594	-	(32 594)	-	-	-
Transfer to supplementary capital	-	-	-	9 298	-	-	(9 298)	-	-	-
Issue of shares	1 902	58 021	-	-	-	-	-	-	-	59 923
Additional shareholder payments	-	-	-	-	-	-	-	-	(2 418)	(2 418)
Change in the scope of consolidation	-	-	-	-	-	-	(918)	-	(660)	(1 578)
Other changes	-	(160)	-	156	(465)	-	2	-	218	(249)
Stock option program for employees	-	5 334	-	-	(3 674)	-	-	-	-	1 660
- value of services provided by the employees	-	-	-	-	1 660	-	-	-	-	1 660
- settlement of exercised options	-	5 334	-	-	(5 334)	-	-	-	-	-
Equity as at 30 September 2006	**117 838**	**1 371 102**	**(3 663)**	**9 454**	**24 151**	**558 000**	**17 867**	**306 046**	**86 187**	**2 486 982**

IFRS Consolidated Financial Statements for the third quarter of 2007 PLN (000's)

Consolidated Cash Flow Statement

	From 01.01.2007 to 30.09.2007	From 01.01.2006 to 30.09.2006
A. Cash flow from operating activities	**(3 110 256)**	**(3 362 680)**
Profit before income tax	**749 833**	**403 368**
Adjustments:	***(3 860 089)***	***(3 766 048)***
Income taxes paid (negative amount)	(61 744)	(1 895)
Amortisation	135 217	122 971
Foreign exchange gains (losses)	(54 279)	68 969
Gains (losses) on investing activities	(88 433)	(1 878)
Impairment of financial assets	-	1 295
Dividends received	(2 237)	(13 392)
Interest paid	794 745	723 772
Change in loans and advances to banks	(639 564)	(4 729)
Change in trading securities	1 052 135	985 123
Change in derivative financial instruments	(228 725)	4 485
Change in loans and advances to customers	(8 587 338)	(5 281 178)
Change in investment securities	(1 238 918)	(2 336 776)
Change in other assets	(248 530)	(28 841)
Change in amounts due to other banks	1 469 009	273 005
Change in financial instruments and other trading liabilities	338 113	(228 196)
Change in amounts due to customers	3 833 279	1 624 942
Change in debt securities in issue	(406 267)	333 148
Change in provisions	2 654	(8 982)
Change in other liabilities	70 794	2 109
Net cash from operating activities	**(3 110 256)**	**(3 362 680)**
B.Cash flows from investing activities	**(8 559)**	**(273 320)**
Investing activity inflows	**181 700**	**41 024**
Disposal of shares in associates	-	10 944
Disposal of shares in subsidiaries, net of cash disposed	174 928	3 909
Proceeds from sale of intangible assets and tangible fixed assets	4 535	12 779
Other investing inflows	2 237	13 392
Investing activity outflows	**190 259**	**314 344**
Acquisition of associates	-	38
Acquisition of subsidiaries, net of cash acquired	26 353	165 896
Purchase of intangible assets and tangible fixed assets	156 290	92 767
Other investing outflows	7 616	55 643
Net cash used in investing activities	**(8 559)**	**(273 320)**
C. Cash flows from financing activities	**2 627 092**	**1 733 829**
Financing activity inflows	**9 505 632**	**7 753 502**
Proceeds from loans and advances from other banks	3 825 459	3 301 030
Proceeds from other loans and advances	258	13 807
Issue of debt securities	4 701 961	4 378 740
Increase of subordinated liabilities	968 440	-
Issue of ordinary shares	9 514	59 925
Financing activity outflows	**6 878 540**	**6 019 673**
Repayments of loans and advances from other banks	1 363 407	1 369 658
Repayments of other loans and advances	14 366	79 277
Redemption of debt securities	4 270 720	4 360 120
Decrease of subordinated liabilities	967 075	-
Dividends and other payments to shareholders	10 088	5 273
Other financing outflows	252 884	205 345
Net cash from financing activities	**2 627 092**	**1 733 829**
Net increase / decrease in cash and cash equivalents (A+B+C)	**(491 723)**	**(1 902 171)**
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	(26 834)	6
Cash and cash equivalents at the beginning of the reporting period	9 082 846	8 276 923
Cash and cash equivalents at the end of the reporting period	**8 564 289**	**6 374 758**

IFRS Consolidated Financial Statements for the third quarter of 2007 PLN (000's)

BRE Bank SA Stand Alone Financial Statements

1. Income Statement

	3rd Quarter (current year) from 01.07.2007 to 30.09.2007	III Quarters cumulative (current year) from 01.01.2007 to 30.09.2007	3rd Quarter (previous year) from 01.07.2006 to 30.09.2006	III Quarters cumulative (previous year) from 01.01.2006 to 30.09.2006
Interest income	498 655	1 317 268	346 135	964 843
Interest expense	(293 431)	(755 368)	(203 409)	(579 197)
Net interest income	**205 224**	**561 900**	**142 726**	**385 646**
Fee and commission income	143 192	415 420	99 164	287 594
Fee and commission expense	(45 230)	(124 211)	(29 136)	(94 995)
Net fee and commission income	**97 962**	**291 209**	**70 028**	**192 599**
Dividend income	78	37 636	12 365	35 694
Net trading income	116 201	366 814	87 387	274 894
Foreign exchange result	*111 624*	*318 080*	*77 114*	*247 333*
Other trading income	*4 577*	*48 734*	*10 273*	*27 561*
Gains less losses from investment securities	(3 249)	*132 538*	1 497	*10 884*
Other operating income	13 959	*32 508*	32 455	*51 558*
Impairment losses on loans and advances	(29 609)	*(29 446)*	(3 045)	*(25 612)*
Overhead costs	(199 897)	*(602 844)*	(175 059)	*(506 105)*
Amortization and depreciation	(36 999)	*(107 538)*	(33 524)	*(100 210)*
Other operating expenses	(1 880)	*(11 069)*	(21 355)	*(54 252)*
Operating profit	**161 790**	**671 708**	**113 475**	**265 096**
Profit before income tax	**161 790**	**671 708**	**113 475**	**265 096**
Income tax expense	(34 362)	(122 056)	(11 327)	(43 823)
Net profit	**127 428**	**549 652**	**102 148**	**221 273**

Net profit		**549 652**		**221 273**
Weighted average number of ordinary shares		**29 557 511**		**29 294 433**
Earnings per 1 ordinary share (in PLN per share)		**18.60**		**7.55**
Weighted average number of ordinary shares for diluted earnings		**29 632 671**		**29 475 772**
Diluted earnings per 1 ordinary share (in PLN per share)		**18.55**		**7.51**

IFRS Consolidated Financial Statements for the third quarter of 2007 PLN (000's)

2. Balance Sheet

as at	30.09.2007	31.12.2006	30.09.2006
ASSETS			
Cash and balances with Central Bank	1 662 933	3 710 737	1 248 623
Debt securities eligible for rediscounting at the Central Bank	27 670	26 725	27 964
Loans and advances to banks	4 762 946	3 003 226	3 065 490
Trading securities	2 120 133	3 519 954	3 811 056
Derivative financial instruments	1 649 646	1 411 030	1 260 695
Loans and advances to customers	24 643 282	17 689 756	17 495 549
Investment securities	4 242 119	2 957 221	3 227 474
- Available for sale	4 242 119	2 957 221	3 227 474
Non-current assets held for sale	335 819	361 855	310 821
Pledged assets	3 682 357	2 701 491	2 041 971
Investments in subsidiaries	443 199	433 343	822 119
Intangible assets	350 125	356 136	353 841
Tangible fixed assets	469 943	470 926	463 311
Deferred income tax assets	-	9 720	30 401
Other assets	245 912	210 110	171 662
Total assets	**44 636 084**	**36 862 230**	**34 330 977**
EQUITY AND LIABILITIES			
Amounts due to the Central Bank	-	-	1 084
Amounts due to other banks	7 741 599	5 186 286	4 266 649
Derivative financial instruments and other trading liabilities	1 613 524	1 267 825	1 053 463
Amounts due to customers	30 143 858	25 934 634	24 910 150
Debt securities in issue	36 679	36 215	46 325
Subordinated liabilities	1 476 726	1 547 354	1 409 189
Other liabilities	436 636	457 926	334 864
Current income tax liabilities	99 447	11 543	10
Provisions for deferred income tax	29 435	-	-
Provisions	68 910	67 374	73 841
Total liabilities	**41 646 814**	**34 509 157**	**32 095 575**
Equity			
Share capital	**1 510 959**	**1 496 946**	**1 488 940**
- Registered share capital	118 460	118 064	117 838
- Share premium	1 392 499	1 378 882	1 371 102
Other capital and reserves	**80 342**	**3 959**	**(4 803)**
Retained earnings:	**1 397 969**	**852 168**	**751 265**
- Profit for the previous year	848 317	527 974	529 992
- Net profit for the current year	549 652	324 194	221 273
Total equity	**2 989 270**	**2 353 073**	**2 235 402**
Total equity and liabilities	**44 636 084**	**36 862 230**	**34 330 977**
Capital adequacy ratio	**11.02**	**11.07**	**10.69**
Book value	**2 989 270**	**2 353 073**	**2 235 402**
Number of shares	**29 614 972**	**29 516 035**	**29 459 506**
Book value per share (in PLN)	**100.94**	**79.72**	**75.88**
Diluted number of shares	**29 690 132**	**29 690 132**	**29 640 845**
Diluted book value per share (in PLN)	**100.68**	**79.25**	**75.42**

IFRS Consolidated Financial Statements for the third quarter of 2007 PLN (000's)

3. Statements of Changes in Equity

	Share capital		Other capital and reserves	Retained earnings					Total
	Registered share capital	Share premium		Supplementary capital	Other reserve capital	General risk fund	Profit (loss) from previous years	Profit for the current year	
Equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
- reclassification to fair value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
Net change in investments available for sale, net of tax	-	-	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**

	Share capital		Other capital and reserves	Retained earnings					Total
	Registered share capital	Share premium		Supplementary capital	Other reserve capital	General risk fund	Profit (loss) from previous years	Profit for the current year	
Equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 637)**	**12 388**	**12 967**	**558 000**	**(49 690)**	**-**	**1 954 871**
- reclassification to fair value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 637)**	**12 388**	**12 967**	**558 000**	**(49 690)**	**-**	**1 954 871**
Net change in investments available for sale, net of tax	-	-	6 158	-	-	-	-	-	6 158
Currency translation differences	-	-	438	-	-	-	-	-	438
Net profit not recognised in income statement	-	-	**6 596**	-	-	-	-	-	**6 596**
Net profit (loss)	-	-	-	-	-	-	-	**324 194**	**324 194**
Total profit recognised in the current year	**-**	**-**	**6 596**	**-**	**-**	**-**	**-**	**324 194**	**330 790**
Issue of shares	2 128	63 231	-	-	-	-	-	-	65 359
Other changes	-	(160)	-	-	-	-	1	-	(159)
Stock option program for employees	-	7 904	-	-	(5 692)	-	-	-	2 212
- value of services provided by the employees	-	-	-	-	2 212	-	-	-	2 212
- settlement of exercised options	-	7 904	-	-	(7 904)	-	-	-	-
Equity as at 31 December 2006	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**(49 689)**	**324 194**	**2 353 073**

	Share capital		Other capital and reserves	Retained earnings					Total
	Registered share capital	Share premium		Supplementary capital	Other reserve capital	General risk fund	Profit (loss) from previous years	Profit for the current year	
Equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 637)**	**12 388**	**12 967**	**558 000**	**(49 690)**	**-**	**1 954 871**
- reclassification to fair value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 637)**	**12 388**	**12 967**	**558 000**	**(49 690)**	**-**	**1 954 871**
Net change in investments available for sale, net of tax	-	-	(3 890)	-	-	-	-	-	(3 890)
Currency translation differences	-	-	1 724	-	-	-	-	-	1 724
Net profit not recognised in income statement	-	-	**(2 166)**	-	-	-	-	-	**(2 166)**
Net profit (loss)	-	-	-	-	-	-	-	**221 273**	**221 273**
Total profit recognised in the current year	**-**	**-**	**(2 166)**	**-**	**-**	**-**	**-**	**221 273**	**219 107**
Issue of shares	1 902	58 021	-	-	-	-	-	-	59 923
Other changes	-	(160)	-	-	-	-	1	-	(159)
Stock option program for employees	-	5 334	-	-	(3 674)	-	-	-	1 660
- value of services provided by the employees	-	-	-	-	1 660	-	-	-	1 660
- settlement of exercised options	-	5 334	-	-	(5 334)	-	-	-	-
Equity as at 30 September 2006	**117 838**	**1 371 102**	**(4 803)**	**12 388**	**9 293**	**558 000**	**(49 689)**	**221 273**	**2 235 402**

IFRS Consolidated Financial Statements for the third quarter of 2007 PLN (000's)

4. Cash Flow Statement

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
A. Cash flow from operating activities - indirect method	**(1 792 659)**	**(3 329 914)**
Profit before income tax	**671 708**	**265 096**
Adjustments:	***(2 464 367)***	***(3 595 010)***
Income taxes paid (negative amount)	(13 749)	33 700
Amortisation	107 538	100 210
Foreign exchange gains (losses)	(58 433)	66 970
Gains (losses) on investing activities	(93 474)	(1 697)
Impairment of financial assets	-	1 295
Dividends received	(37 113)	(32 429)
Interest paid	743 916	690 211
Change in loans and advances to banks	(626 608)	(255 083)
Change in trading securities	768 615	1 133 961
Change in derivative financial instruments	(238 616)	3 805
Change in loans and advances to customers	(6 953 526)	(4 517 349)
Change in investment securities	(1 216 384)	(2 469 062)
Change in other assets	(43 061)	68 189
Change in amounts due to other banks	1 246 528	214 058
Change in financial instruments and other trading liabilities	345 699	(216 951)
Change in amounts due to customers	3 622 943	1 617 010
Change in debt securities in issue	464	780
Change in provisions	1 536	(4 268)
Change in other liabilities	(20 642)	(28 360)
Net cash from operating activities	**(1 792 659)**	**(3 329 914)**
B.Cash flows from investing activities	**79 695**	**(263 724)**
Investing activity inflows	**213 470**	**55 178**
Disposal of shares in associates	-	10 944
Disposal of shares in subsidiaries, net of cash disposed	173 504	251
Proceeds from sale of intangible assets and tangible fixed assets	2 853	10 330
Other investing inflows	37 113	33 653
Investing activity outflows	**133 775**	**318 902**
Acquisition of associates	-	38
Acquisition of subsidiaries, net of cash acquired	29 053	218 540
Purchase of intangible assets and tangible fixed assets	104 722	50 610
Other investing outflows	-	49 714
Net cash used in investing activities	**79 695**	**(263 724)**
C. Cash flows from financing activities	**1 175 325**	**1 633 063**
Financing activity inflows	**2 410 312**	**2 813 808**
Proceeds from loans and advances from other banks	1 432 358	2 753 883
Increase of subordinated liabilities	968 440	-
Issue of ordinary shares	9 514	59 925
Financing activity outflows	**1 234 987**	**1 180 745**
Repayments of loans and advances from other banks	120 950	989 742
Repayments of other loans and advances	14 366	66 578
Redemption of debt securities	-	46 000
Decrease of subordinated liabilities	967 075	-
Other financing outflows	132 596	78 425
Net cash from financing activities	**1 175 325**	**1 633 063**
Net increase / decrease in cash and cash equivalents (A+B+C)	**(537 639)**	**(1 960 575)**
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	(26 834)	6
Cash and cash equivalents at the beginning of the reporting period	8 951 008	8 139 020
Cash and cash equivalents at the end of the reporting period	**8 386 535**	**6 178 451**

Explanatory Notes to the Consolidated Financial Statements

1. Information Concerning the Group of BRE Bank SA

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

- Strategic and infrastructural: Shares and equity interests in companies supporting the different particular business lines of the BRE Bank SA (investment banking business, corporate banking, retail banking, asset management), as well as shares and equity interests in companies providing financial infrastructure or handling spheres that are complementary to the statutory scope of business of the BRE Bank SA. The formation or acquisition of these companies was intended to expand the range of services offered to the clients of the Bank;
- Long term: Investments with an assumed high rate of return and an investment horizon of not less than 2 years; they also comprise equity investments placed in companies listed on the Warsaw Stock Exchange SA with anticipated duration of not less than 6 months, as well as investments in investment funds (National Investment Funds /NIF/ and foreign closed end funds);
- 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 the 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 2007, the BRE Bank's Group covered by the Consolidated Financial Statements comprised the following companies:

BRE Bank SA; the parent entity

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

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

According to the Bylaws 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 Bylaws. 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.

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, as well as having the right to possess foreign exchange assets and to trade with them.

The average employment within three quarters of 2007 was: in BRE Bank SA 4 262 persons and in the Group 5 725 persons (in the third quarter of 2006: BRE Bank 3 749, Group 5 070).

Corporates and Markets, including:

Corporates and Institutions

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

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

Trading and Investments

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

Retail Banking (including private banking)

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

Asset Management (discontinued operations Note 19)

- Powszechne Towarzystwo Emerytalne Skarbiec-Emerytura SA, subsidiary

Remaining business

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

The detailed description of operations of the companies of the BRE Bank SA Group has been presented in Notes of the consolidated financial statements for the first half of 2007, disclosed to the public on September 10, 2007.

Other information concerning the companies of the Group

As at September 30, 2007 PTE Skarbiec-Emerytura SA met the criteria for classification to non-current assets held for sale, according to IFRS 5 "Non-current assets held for sale and discontinued operations". The carrying value of the Group's investments in PTE Skarbiec-Emerytura have been presented in the balance sheet as separate positions: "the non-current assets held for sale" and "liabilities held for sale".

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

As at 31 December 2006 the profit from discontinued operations included the result of Skarbiec Asset Management Holding SA. The Bank sold the SAMH shares on January 08, 2007. As at 30 September 2007 the profit from discontinued operations included the result of the Group on sale of SAMH shares in amount of PLN 89 458 thousand.

Additionally, the Group applied IFRS 5 retrospectively and made adjustments in the profit and loss account for the period from January 01 to September 30, 2006 in respect to separating continued and discontinued operations.

The detailed data concerning discontinued operations were presented in the Note 19 of this quarterly report.

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 Group have been prepared for the 9 month period ended 30 September 2007.

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

Since 1 January 2007 the BRE Bank Group has applied the provisions of International Financial Reporting Standard 7, Financial Instruments: Disclosures, which has been binding as from that date and the amended provisions of International Accounting Standard 1. Since 1 January 2007 the BRE Bank Group has applied where neccessary the provisions of International Financial Reporting Standard 7 in the preparation of quarterly financial statements which include disclosure requirements of International Accounting Standard 34. All disclosures in accordance with IFRS 7 were presented in the consolidated financial statements for the first half of 2007.

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

2.2. Consolidation

Subsidiaries

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

Inter-company transactions, balances and unrealised gains on transactions between 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.

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

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

Associates

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

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

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

IFRS Consolidated Financial Statements for the third quarter of 2007 PLN (000's)

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

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

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 Income Statement.

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 using the interest used to discount the future cash flows for the purpose of measuring impairment loss.

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

2.4. Fee and Commission Income

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

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

2.5. Segment Reporting

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

2.6. Financial Assets

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

Financial assets valued at fair value

This category comprises two subcategories: financial assets held for trading and financial assets designated at fair value through Profit and Loss Account at inception. A financial asset is classified in this category if it was acquired principally for the purpose of short-term resale or if it was classified in this category by 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 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 unless:

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

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

a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

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

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

The Group did not designate any 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 specified maturity dates, which the Management of the Group intends and is capable of holding until their maturity.

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

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

Available for sale investments

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

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

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

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

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

If the application of valuation techniques does not ensure obtaining a reliable fair value of investments in equity instruments not quoted on an active market (or derivatives related to such instruments), they are stated at cost.

2.7. Offsetting Financial Instruments

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

2.8. Impairment of Financial Assets

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 estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

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

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

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

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

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

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

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

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 Group estimates whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost resulting from higher credit risk is considered in determining whether the assets are impaired. If such kind of evidence concerning available for sale financial assets exists, the cumulative loss – determined as the difference between the cost of acquisition and the current fair value, less any impairment loss on that financial asset previously recognised in the Profit and Loss Account – is removed from equity and 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 debtor but had been carried out on normal business terms. In such 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 1st January 2006, the Group has an obligation to recognize financial guarantee contract in its financial statements.

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

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

1. the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and
2. the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 *Revenue.*

2.10. Cash and Cash Equivalents

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

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

2.11. Sell-buy-back Contracts

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

Securities sold with a repurchase clause (repos) are reclassified in the financial statements as pledged assets if the entity receiving them has the contractual or customary right to sell or pledge them as collateral security. The liability towards the counterparty is recognised as amounts due to other banks, deposits from other banks, other deposits or amounts due from 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 Group sells or buys securities with a repurchase or resale clause specifying a contractual date and price. Such transactions are presented in the Balance Sheet as financial assets held for trading or as investment financial assets, and also as liabilities in the case of "sell-buy-back" transactions and as receivables in the case of "buy-sell-back" transactions.

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

As a result of concluding sell buy back transactions, the Bank transfers financial assets in such a way that they do not qualify for derecognition. Thus, the Bank 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 statement, because the option's exercise price is approximately equal on each exercise date to the amortised cost of the host debt instrument. If the value of prepayment option was not be closely linked to the host debt instrument, the option would be measured and recognised in the consolidated financial statement 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) 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 achieving 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, ie the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.
e) The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

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

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

Fair value hedges

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

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

Cash flow hedges

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

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

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

Derivative instruments not fulfilling the criteria of hedge accounting

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

Market risk instruments:

a) Futures contracts for bonds, index futures
b) Options for securities and for stock-market indices
c) Options for futures contracts
d) Forward transactions for securities
e) Commodity swaps

Interest rate risk instruments:

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

Foreign exchange risk instruments:

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

2.13. Gains and Losses on Initial Recognition

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

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

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 (2-10 years). Expenses attached to the development or maintenance of computer software are expensed when incurred. Costs directly linked to the development of identifiable and unique proprietary computer programmes controlled by the Group, which are likely to generate economic benefits in excess of such costs expected to be gained over a period exceeding one year, are recognised as intangible assets.
Direct costs comprise personnel expenses attached to the development of software and the corresponding part of the respective general overhead costs.

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

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

Development costs

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

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

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

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

2.16. Tangible Fixed Assets

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

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

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

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

- Buildings and constructed structures	25-40 years,
- Technical plant vehicles	5-10 years,
- Transport vehicles	5 years,
- Information technology hardware	3.33-5 years,
- Investments in 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 there is any indication that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the cash-generating unit to which the asset belongs.

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

2.17. Non Current Assets Held for Sale and Discontinued Operation

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

Non-current assets held for sale are priced at the lower of: its 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 reclassify 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 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 backed out of usage may also be classified as discontinued operation.

2.18. Deferred Tax Assets and Liabilities

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

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

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

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

The Group presents the deferred tax assets and liabilities netted in the Balance Sheet (for each subsidiary separately). 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.

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

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where 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 the case when the fair value of acquired assets is higher than the debt amount, the difference constitutes a liability toward the debtor.

At subsequent measurement the initial amount is tested for impairment.

2.20. Prepayments, Accruals and Deferred Income

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

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

2.21. Leasing

BRE Bank SA Group as a lessor

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

BRE Bank SA Group as a lessee

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

2.22. Provisions

The value of provisions for contingent liabilities such as unutilised guarantees and (own) 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 reliable estimated.

2.23. Retirement Benefits and Other Employee Benefits

Retirement benefits

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

Benefits based on shares

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

2.24. Equity

Equity consists of capital and funds created in compliance with the respective provisions of the law, i.e., the appropriate legislative acts, the bylaw or a founding deed.

Registered share capital

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

a) Share Issue Costs

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

b) Dividends

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

c) Own Shares

In the case of acquisition of stocks or shares in the Company by the Company or by other entities consolidated as part of the Group, 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,
- exchange rate differences resulting from valuation of structural items.

Retained earnings

Retained earnings include:

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

Other supplementary capital, other reserved capital and general banking risk fund are formed from allocations of profit and are assigned to purposes specified in the bylaw 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 3.37% of the owners' equity of the Group (the effect of the restatement will represent 7.10% of share capital);
- Consists of re-allocation of funds between various items of the owners' equity, which has no effect on the equity as a whole;
- Has no material effect on the presented financial data, both as a whole and on line items;

The Management Board of the Bank believes that such restatement will have no material effect on the accuracy and fairness of the presentation of the Bank's financial position as at, and for the period ended 30 September 2007.

Hyperinflationary adjustments will also have no material effect for the period ended 30 September 2006 (the effect of the restatement will represent 4.47% of the owners' equity of the Group and 7.20% of 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 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 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 equity arising on revaluation at fair value.

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 Income Statement, and foreign exchange differences relating to other changes in carrying amount, which are recognised 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 reporting currency, are converted to the reporting currency as follows:

a) assets and liabilities in each presented Balance Sheet are converted at the mid rate of exchange of the National Bank of Poland (NBP) in force at the Balance Sheet date;
b) revenues and expenses in each Profit and Loss Account are converted at the rate equal to the arithmetic mean of the mid rates quoted by NBP on the last day of each of nine 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 fair value adjustments 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 Company (BRE Leasing Sp. z o.o.), the fixed assets subject to the respective contracts are recognised at the starting date of the appropriate contract as converted to PLN, whereas the foreign currency loans with which they were financed are subject to valuation according to the respective foreign exchange rates.

Additionally, in the case of operating lease agreements, all future receivables on account of leasing payments (including receivables in foreign currencies) are not presented on the face of the financial reports, but off-Balance Sheet. In 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. Custody Services Business

BRE Bank SA operates a custody business including domestic and foreign securities and services provided to investment and pension funds.

Dom Inwestycyjny BRE Banku SA operates a custody business 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 custody business operations.

2.27. Standards, Interpretations and Amendments to Published Standards

Changes in the published Standards and Interpretations that came into force from 1 January 2007:

- IFRS 7, Financial Instruments: Disclosures, binding from 1 January 2007
- IAS 1, Presentation of Financial Statements - changes related to presentation of information on equity, binding from 1 January 2007
- IFRIC 7, Application of restatements in IAS 29 Financial Reporting in Hyperinflationary Economies, binding in the periods starting after 1 March 2006
- IFRIC 8, Scope of IFRS 2, binding for the annual periods starting after 1 May 2006

- IFRIC 9, Reassessment of Embedded Derivatives, binding for the annual periods starting after 1 June 2006
- IFRIC 10, Interim Financial Reporting and Impairment, binding for the annual periods starting after 1 November 2006

IFRS 7 introduced new requirements concerning disclosures on financial instruments and replaced the currently applied provisions of IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions and some requirements of IAS 32, Financial Instruments: Disclosure and Presentation.

The introduction of IFRS 7 resulted in changes mainly in the following areas: disclosures concerning risks from the point of view of risk managers, extended quantity disclosures concerning risks, introducing a sensitivity analysis, extended disclosures concerning the Group's financial position and results.

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

- 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 the annual periods starting after 1 January 2008
- IFRIC 13, Customer Loyalty Programmes, binding for the annual periods starting after 1 July 2008
- IFRIC 14 – IAS 19, The Limit on the Defined Benefit Assets, Minimum Funding Requirements and their Interaction, binding for the annual periods starting after 1 January 2008
- IFRS 8, Operating Segments, binding for the annual periods starting after 1 January 2009

IFRICs 11, 12, 13, 14 and IFRS 8 were not adopted by the EU.

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

The comparative data have been adjusted so as to account for the changes in presentation introduced in the current financial period.

In connection with separate presentation of discontinued operations, the Group has made adjustments to income statement for three quarters of 2006 by breaking down continued and discontinued operations.

None of the presentation adjustments described below had influence on the net profit and equity presented in comparative data as at 30 September 2006.

The influence of the breakdown by continued and discontinued operations on comparative data in the consolidated financial statements as at 30 September 2006 is presented in the table below.

IFRS Consolidated Financial Statements for the third quarter of 2007 PLN (000's)

	Period from 01.01.2006 to 30.09.2006 (before adjustments)	Restatement	Period from 01.01.2006 to 30.09.2006 (after adjustments)
Continued operations			
Interest income	1 231 495	(2 016)	1 229 479
Interest expense	(704 078)	-	(704 078)
Net interest income	**527 417**	**(2 016)**	**525 401**
Fee and commission income	504 966	(99 051)	405 915
Fee and commission expense	(145 696)	28 479	(117 217)
Net fee and commission income	**359 270**	**(70 572)**	**288 698**
Dividend income	15 762	-	15 762
Net trading income, including:	286 954	(293)	286 661
Foreign exchange result	*256 654*	*2*	*256 656*
Other trading income	*30 300*	*(295)*	*30 005*
Gains less losses from investment securities	11 858	(160)	11 698
Other operating income	189 767	(148)	189 619
Impairment losses on loans and advances	(40 200)	-	(40 200)
Overhead costs	(666 324)	30 701	(635 623)
Amortization and depreciation	(122 971)	1 284	(121 687)
Other operating expenses	(158 053)	11 507	(146 546)
Operating profit	**403 480**	**(29 697)**	**373 783**
Share of profit of associates	(112)	-	(112)
Profit before income tax from continued operations	**403 368**	**(29 697)**	**373 671**
Income tax expense	(78 647)	4 365	(74 282)
Net profit from continued operations including minority interest	**324 721**	**(25 332)**	**299 389**
Discontinued operations			
Profit before income tax from discontinued operations	**-**	**(29 697)**	**29 697**
Income tax expense	-	4 365	(4 365)
Net profit from discontinued operations including minority interest	**-**	**(25 332)**	**25 332**
Net profit (loss) from continued and discontinued operations including minority interest, of which:	**324 721**	**-**	**324 721**
Net profit attributable to minority interest	18 675	-	18 675
Net profit	**306 046**	**-**	**306 046**

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 will be regularly reviewed in order to reduce the discrepancies between the estimated and the actual magnitude of the impairment losses concerned. If the current value of estimated cash flows for portfolio of loans and advances, individually impaired, changed by +/-10%, the estimated loans and advances impairment would either decrease by PLN 8.5 million or increase by PLN 10.3 million relatively. The above indicated estimation was performed for portfolio of loans and advance impaired on the basis of individual analysis of future cash flows due to repayments and recovery from collateral.

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. The matter with impact of changes in market conditions on valuation of trading book of the Group (containing inter alia derivatives) was presented in Note 3.4.

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, as well as 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, and 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. The matter with valuation of shares of PZU SA was presented in Note 3.8.

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 and results from 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 income statement. Had all the declines in fair values of financial available for debt instruments below acquisition cost been considered significant or prolonged, the estimated impairment of available for sale debt instruments portfolio would amount to PLN 0.4 million, being the transfer that should be recognized in the income statement of the Group in correspondence with revaluation reserve. For the purpose of the analysis, the declines in particular securities ratings that decreased by four rating classes within the period longer than 3 months were assumed to be significant and prolonged declines in fair values of financial available for sale debt securities.

Deferred tax

The Bank analysed the requirements of IAS 12 „Income Taxes" and based on the paragraph 44 did not recognize deferred tax asset in relation to impairment losses of shares of PTE Skarbiec Emerytura SA in the consolidated financial statement. If the deferred tax was recognized, the Bank would found the asset in the amount of PLN 81.1 million.

4. Business Segments

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

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

1. Retail Banking, including private banking services, current accounts for retail customers, savings accounts, deposits, investment products, custody services, credit and debit cards, consumer and mortgage loans,

term deposits for retail customers, small and medium-sized enterprises, financial settlements, operations on bills of exchange, checks and guarantees issue.

Since the beginning of 2007, Retail Banking also includes the results of BRE Wealth Management SA and emFinanse Sp. z o.o. BRE Wealth Management SA provides corporate finance services and complex asset management services for wealthy private banking clients. emFinanse Sp z o.o. acts on financial advisors and agents market, and deals with sales of bank products (cash credit, credit on car, mortgage loan) and insurance products.

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

2.1 Corporates and Institutions, including current accounts, savings accounts and term deposits, FX products and derivative instruments, 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, leasing of real estates, as well as administration support in leasing of the above indicated fixed assets. Within that sub-segment, the Bank solely, or in consortium with other Banks, covenants financing large projects with loans.

The Bank's product offer within this business sub-segment, is targeted at large, medium and small-sized corporations, as well as local governments. A significant part of the activities within corporate customers and institutions segment consists of services supporting foreign trade transactions. The Bank's offer addressed to business 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, forfeiting, 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 Corporates and Institutions sub-segment the Bank cooperates with domestic and foreign financial institutions (except transactions via nostro and loro accounts) in acquiring loans on international inter-bank market. The Bank also administers overdrafts for import financing and refinancing investment loans for medium and small-sized corporations, mainly with European Investment Bank's sources.

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. Subsidiaries enrich Bank's offer by commercial real estates financing, leasing, factoring, publicly traded stocks and securities, purchase and sales of securities in the name of client, merger and acquisition advisory, corporate restructuring consulting and performing any corporate privatizing activities.

2.2 Trading and Investments, including financial instruments dealing, purchasing and sales of stocks and securities on primary and secondary market, which are: transactions on bills, bonds, Treasury Bills, Treasury Bonds, monetary bills of the National Bank of Poland, investment-deposit and FX SWAP transactions. The Bank also participates on the securities market, focusing on trading of securities on the primary and secondary markets, as well as repo and reverse repo transactions. Moreover the Bank is engaged in sell buy back and buy sell back transactions on the inter-bank market. The Bank also participates in money market inter-bank transactions.

Within Trading and Investments sub-segment, the Bank solely, or in consortium with other Banks, underwrites securities' issue (bonds, investment bills and certificates of deposit).

The Bank also benefits from capital gains on own investments portfolio, including direct and indirect stakes acquired with objective on 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 activity), including the results of: Skarbiec Asset Management Holding SA (until 31. December 2006) and PTE Skarbiec-Emerytura SA. Due to the sale of SAMH that took place on January 8, 2007 and the intention to sell PTE, asset management activity is being considered as discontinued activity of the Group.

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

The rules of the division of the Group's activities are described below.

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

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

Internal funds transfers between Bank's departemnts 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 01.01.2007 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	-	-	-	-	-	-	749 833
Contribution of profit sharing in associated companies (before tax)	-	-	-	-	-	-	-
Gross profit (before tax)	**-**	**-**	**-**	**-**	**-**	**-**	749 833
Corporate income tax	**-**	**-**	**-**	**-**	**-**	**-**	(158 759)
Net profit attributable to minority interest	**-**	**-**	**-**	**-**	**-**	**-**	22 958
Net profit (after tax)	**-**	**-**	**-**	**-**	**-**	**-**	568 116
Asset 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 costs without outflows	-	*(173 426)*	*(2)*	-	-	-	*(173 428)*
- other income without inflows	-	*175 414*	-	-	-	-	*175 414*

Business segment reporting on the activities of the BRE Bank Group
for the period from 01.01.2006 to 30.09.2006
(PLN'000)

	Corporates & Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation) *	Remaining Business	Eliminations	Group
	Corporates & Institutions	Trading & Investments					
Net interest income	**319 912**	**15 736**	**208 138**	**(14 397)**	**(1 509)**	**(463)**	**527 417**
- sales to external clients	417 140	41 146	66 822	3 011	(239)	(463)	527 417
- sales to other segments	(97 228)	(25 410)	141 316	(17 408)	(1 270)	-	-
Net fee and commission income	**244 480**	**(14 870)**	**59 339**	**71 793**	**(345)**	**(1 127)**	**359 270**
- sales to external clients	233 382	(4 716)	60 281	71 793	(343)	(1 127)	359 270
- sales to other segments	11 098	(10 154)	(942)	-	(2)	-	-
Unallocated costs							-
Gross profit / (loss) of the segment	**223 587**	**97 973**	**65 933**	**16 653**	**17 957**	**(18 735)**	**403 368**
Profit on operating acitivities						-	403 480
Contribution of profit / (loss) sharing in associated companies (before tax)	-	-	-	-	-	(112)	(112)
Gross profit (before tax)							403 368
Corporate income tax							(78 647)
Net profit attributable to minority interest							18 675
Net profit (after tax)							306 046
Asset of the segment	**17 850 970**	**16 849 566**	**7 840 752**	**712 069**	**741 595**	**(4 659 421)**	**39 335 531**
Total assets							39 335 531
Segment's liabilities	**20 833 837**	**10 613 717**	**8 895 275**	**26 225**	**482 959**	**(4 003 464)**	**36 848 549**
Total liabilities							36 848 549
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(82 596)	(7 169)	(27 706)	(2 771)	(6 853)	-	(127 095)
Amortisation/depreciation	(66 576)	(6 618)	(44 416)	(2 094)	(1 706)	(1 561)	(122 971)
Losses on credits and loans	(274 143)	(6 843)	(32 530)	-	(1 777)	-	(315 293)
Other costs/ income without cash outflows/ inflows	-	138 643	-	-	-	-	138 643
- other costs without outflows	-	*(784 598)*	-	-	-	-	*(784 598)*
- other income without inflows	-	*923 241*	-	-	-	-	*923 241*

* The "Asset Management" segment include the result of BRE Wealth Management SA (to December 29 2006 Skarbiec Investment Management SA), which will remain in the Group in the below amounts:

Net interest income	172
Net fee and commission income	9 416
Profit before income tax	4 094
Assets	11 721
Liabilities	11 721
Amortization	(87)

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5. Net Interest Income

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Interest income		
Cash and short-term investments	196 207	189 669
Investment securities	129 703	58 044
Amounts due arising from purchased securities with a sale clause	-	139
Loans and advances including the unwind of the impairment provision discount	1 219 490	862 770
Trading debt securities	113 107	106 468
Other	10 508	12 389
	1 669 015	**1 229 479**

Interest expense		
Arising from amounts due to banks and customers	(758 905)	(518 555)
Arising from issue of debt securities	(126 190)	(119 504)
Other borrowed funds	(41 030)	(50 402)
Other	(6 190)	(15 617)
	(932 315)	**(704 078)**

Interest income related to financial assets which have been impaired amounted to PLN 6 817 thousand (PLN 10 654 thousand as at 30 September of 2006).

6. Net Fee and Commission Income

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Fee and commission income		
Credit related fees and commissions	157 972	81 477
Fees from brokerage activity	94 325	56 537
Fees from portfolio-management services and other management-related fees	8 044	7 459
Commission on trust activities	8 212	3 919
Guarantees granted and trade finance commissions	29 323	19 756
Commissions from credit cards	107 514	73 601
Commissions from money transfers	56 512	49 832
Commissions from bank accounts	31 435	27 101
Other	84 367	86 233
	577 704	**405 915**
Fee and commission expense		
Brokerage fees	(18 551)	(17 722)
Credit cards related fees	(73 906)	(61 323)
Insurance fees of mortgage loans	(697)	-
Other fees	(56 058)	(38 172)
	(149 212)	**(117 217)**

7. Dividend Income

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Trading securities	2	140
Securities available for sale	2 235	15 622
Dividend income, total	**2 237**	**15 762**

IFRS Financial Statements for the third quarter of 2007 PLN (000's)

8. Net Trading Income

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Foreign exchange result	**323 571**	**256 656**
Foreign exchange differences from the translation (net)	426 645	148 795
Net transaction gains and losses	(103 074)	107 861
Other net trading income	**54 509**	**30 005**
Interest-bearing instruments	22 736	14 625
Equities	23 573	5 174
Market risk instruments	8 200	10 206
Total net trading income	**378 080**	**286 661**

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, options and other derivative instruments. The "Equities" include the profit/(loss) on the global trade with equity securities and derivative equity instruments, such as swap contracts, options, futures and forward contracts.

9. Gains less Losses from Investment Securities

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Sale/redemption by the issuer of the financial assets available for sale	3 975	12 179
Impairment of available for sale equity securities	(63)	(481)
Total gains and losses from investment securities	**3 912**	**11 698**

10. Other Operating Income

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Sale of tangible and intangible fixed assets and assets held for resale	55 623	110 773
Income from the release of impairment provisions for tangible and intangible assets	743	-
Income from recovering previously designated as uncollectible receivables	2 161	1 982
Income from compensation, penalties and fines received	245	644
Income due to release of other provisions	9 570	15 540
Proceeds from services provided	34 537	52 817
Other	9 498	7 863
Total other operating income	**112 377**	**189 619**

11. Impairment Losses on Loans and Advances

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Amounts due from other banks	763	(5 177)
Loans and advances to customers	(37 682)	(45 326)
Off-balance sheet contingent liabilities due to customers	(3 739)	10 303
Total impairment losses on loans and advances	**(40 658)**	**(40 200)**

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12. Overhead Costs

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Staff-related expenses (Note 12A)	(435 200)	(340 971)
Material costs	(314 173)	(276 741)
Taxes and fees	(9 779)	(9 119)
Contributions and transfers to the Banking Guarantee Fund	(4 145)	(3 179)
Contribution to the Social Benefits Fund	(3 366)	(2 862)
Other	(7 458)	(2 751)
Total overhead costs	**(774 121)**	**(635 623)**

Staff-related Expenses (12A)

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Wages and salaries	(362 819)	(281 599)
Social security expenses	(47 744)	(39 952)
Pension fund expenses	(2 612)	(555)
Salaries in form of share option program for employees	(648)	(1 660)
Other staff expenses	(21 377)	(17 205)
Staff-related expenses, total	**(435 200)**	**(340 971)**

The average level of employment in the Group in three quarters of 2007 was 5 725 persons (vs. 5 070 in three quarters of 2006) .

13. Other Operating Expenses

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Costs of selling or scrapping fixed assets, intangible assets and assets held for resale	(39 371)	(88 123)
Impairment provisions created for tangible and intangible assets	(4 656)	(2 665)
Impairment provisions created for other receivables (excluding loans and advances)	(974)	(729)
Receivables and liabilities recognised as expired, written off and unrecoverable	(1 950)	(2 871)
Compensation, penalties and fines paid	(128)	(687)
Donations made	(2 309)	(2 033)
Impairment losses on other non-financial assets	-	(33)
Provisions for future commitments	(3 911)	(15 819)
Costs of sale of services	(3 452)	(26 576)
Other operating costs	(8 739)	(7 010)
Total other operating expenses	**(65 490)**	**(146 546)**

14. Earnings per Share

Earnings per share for 9 months – continued operations

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Basic:		
Net profit from continued operations attributable to the shareholders	486 151	280 714
Weighted average number of ordinary shares	29 557 511	29 294 433
Net basic profit per share (in PLN per share)	**16.45**	**9.58**
Diluted:		
Net profit from continued operations attributable to the shareholders, applied for calculation of diluted earnings per share (in thousand PLN)	486 151	280 714
Weighted average number of ordinary shares	29 557 511	29 294 433
Adjustments for:		
- stock options for employees	75 160	181 339
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 632 671	29 475 772
Diluted earnings per share (in PLN per share)	**16.41**	**9.52**

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

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Basic:		
Net profit from continued and discontinued operations attributable to the shareholders	568 116	306 046
Weighted average number of ordinary shares	29 557 511	29 294 433
Net basic profit per share (in PLN per share)	**19.22**	**10.45**
Diluted:		
Net profit from continued and discontinued operations attributable to the shareholders, applied for calculation of diluted earnings per share (in thousand PLN)	568 116	306 046
Weighted average number of ordinary shares	29 557 511	29 294 433
Adjustments for:		
- stock options for employees	75 160	181 339
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 632 671	29 475 772
Diluted earnings per share (in PLN per share)	**19.17**	**10.38**

15. Trading Securities and Pledged Assets

as at	30.09.2007	31.12.2006	30.09.2006
Debt securities:	**5 402 382**	**6 148 676**	**5 725 980**
Government bonds included in cash equivalents and pledged government bonds (sell buy back transactions), including:	3 837 390	2 746 486	3 365 290
- pledged government bonds (sell buy back transactions)	3 617 457	1 921 475	1 992 493
Treasury bills included in cash equivalents and pledged treasury bills (sell buy back transactions), including:	13 763	829 649	204 602
- pledged treasury bills (sell buy back transactions)	-	723 289	10 571
Other debt securities:	1 551 229	2 572 541	2 156 088
Equity securities:	**2 488**	**12 237**	**18 240**
- listed	2 488	12 237	18 240
Debt and equity securities, including:	**5 404 870**	**6 160 913**	**5 744 220**
- Trading securities	*1 787 413*	*3 516 149*	*3 741 156*
- Pledged assets	*3 617 457*	*2 644 764*	*2 003 064*

The note above does not include securities pledged as security for the Bank Guarantee Fund of PLN 65 699 thousand (31 December 2006 and 30 September 2006, respectively, PLN 57 416 thousand and PLN 39 257 thousand), which have been presented as investment securities (Note 17).

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16. Loans and Advances to Customers

	30.09.2007	31.12.2006	30.09.2006
Loans and advances to individuals	12 710 898	8 812 900	7 688 973
Loans and advances to corporate entities	18 575 705	14 204 591	14 398 025
Loans and advances to public sector	839 413	529 710	1 338 079
Other receivables	361 510	334 575	153 682
Total (gross) loans and advances to customers	**32 487 526**	**23 881 776**	**23 578 759**
Provisions for loans and advances to customers (negative amount)	(855 494)	(837 082)	(896 078)
Total (net) loans and advances to customers	**31 632 032**	**23 044 694**	**22 682 681**
Short-term (up to 1 year)	13 420 044	10 364 072	10 393 412
Long-term (over 1 year)	18 211 988	12 680 622	12 289 269

The Group presents loans to customers supported by retail banking of BRE Bank (mBank and MultiBank) in the item- loans and advances to individuals. Loans to microenterprises in presented reporting periods amount to relatively: 30 September 2007 – PLN 829 700 thousand, 31 December 2006 – PLN 668 512 thousand, 30 September 2006 – PLN 610 976 thousand.

Receivables purchased, realised guarantees and warranties in the Note "Loans and advances to customers" of financial statements for previous periods were presented in separate items. Since the beginning of the second quarter of 2007 receivables purchased, realised guarantees and warranties have been included in loans and advances to individuals, corporate or public sector customers relatively.

The amount of reclassified items in the above note, in comparative data (31 December 2006 and 30 September 2006) amounted to - receivables purchased: PLN 1 108 495 thousand and PLN 1 165 676 thousand relatively; realised guarantees and warranties: PLN 6 325 thousand and PLN 8 352 thousand relatively.

17. Investment Securities and Pledged Assets

as at	30.09.2007	31.12.2006	30.09.2006
Debt securities	**3 999 807**	**2 842 902**	**3 403 111**
- listed	3 909 433	2 806 229	3 345 798
- unlisted	90 374	36 673	57 313
Equity securities	**387 859**	**270 030**	**257 937**
- listed	10 723	10 411	24 034
- unlisted	377 136	259 619	233 903
Total investment securities and pledged assets, including:	**4 387 666**	**3 112 932**	**3 661 048**
- Available for sale securities	*4 321 967*	*3 055 516*	*3 621 791*
- Pledged assets	*65 699*	*57 416*	*39 257*
Short-term (up to 1 year)	1 117 072	933 582	864 470
Long-term (over 1 year)	3 270 594	2 179 350	2 796 578

The presented above, valued at fair value equity securities include impairment in the amount of PLN 29 076 thousand as at 30 September 2007 (31 December 2006 and 30 September 2006 respectively: PLN 29 015 and PLN 34 970 thousand).

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

IFRS Financial Statements for the third quarter of 2007 PLN (000's)

18. Amounts due to Customers

	30.09.2007	31.12.2006	30.09.2006
Corporate customers	17 263 427	15 077 796	13 540 942
Individual customers	11 535 995	9 435 881	9 006 712
Public sector customers	220 793	156 179	200 832
Total amounts due to customers	**29 020 215**	**24 669 856**	**22 748 486**
Short-term (up to 1 year)	28 225 923	23 847 669	22 684 388
Long-term (over 1 year)	794 292	822 187	64 098

The Group presents amounts due to microenterprises supported by retail banking of BRE Bank (mBank and MultiBank) in the item – amounts due to individuals. The commitment due to current accounts and term deposits taken from microenterprises in presented reporting periods amounts to relatively: 30 September 2007 – PLN 965 204 thousand, 31 December 2006 – PLN 849 875 thousand, 30 September 2006 – PLN 691 577 thousand.

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

Bank supports its strategy concerning the sale of pension business of PTE Skarbiec-Emerytura SA that from the point of view of BRE Bank is not considered as continued business. On June 29, 2007 the Bank concluded with Aegon Woningen Nova B.V. holding 100% of the shares of Powszechne Towarzystwo Emerytalne Ergo Hestia SA (Aegon PTE SA at present) "The Agreement on Integration of Aegon PTE SA and PTE Skarbiec-Emerytura" and "The Optional Agreement". The integration will be carried out on the basis of article 492, paragraph 1, item 1 of Code of Commercial Companies through taking over the property of PTE Skarbiec Emerytura by PTE Ergo Hestia.

On 28 September 2007 the Bank was informed on the decision of the President of Office of Competition and Consumer Protect ("UOKiK") of 27 September 2007, concerning the consent on concentration that lies in the integration of Aegon PTE SA and PTE Skarbiec-Emerytura SA. The consent is one of the necessary terms to carry out the integration of the above indicated general pension funds.

The integration of the companies depends on getting the assent of Polish Financial Supervision Authority (Polish contraction "KNF") .

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

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

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

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

According to the rules described under the point 2.17 of Explanatory notes to the consolidated financial statements, as at 30 September 2007 the Bank classified PTE Skarbiec Emerytura SA as non-current assets held for sale and discontinued operations. In accordance with IFRS 5 "Non-current Assets held for Sale and Discontinued Operations" all requirements set out in IFRS 5 to present PTE pension business as asset held for sale were met, except the expectation to complete a sale within 12 months in relation to primal timing of classification (December 2005). The delay in sale is caused by events outside the Bank's control (the requirement of gaining the assent on sale from the market regulator). The Bank believes that the facts meet the requirement of IFRS 5, Appendix B to justify an extension to the 12-month period in which PTE should be recognized as assets (or disposal group) held for sale.

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The Group analysed the requirements of IAS 12 „Income Taxes" and based on the paragraph 44 did not recognize deferred tax asset in relation to provision for impairment of shares of PTE in the consolidated financial statements. If the deferred tax was recognized, the Group would found the asset in the amount of PLN 81.1 million.

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

In consolidated financial statements prepared for the reporting periods in 2006 the Bank also classified Skarbiec Asset Management Holding SA as non-current assets held for sale and discontinued operations.

On 8 January 2007 in relation to the agreement of 25 September 2006 on sale of shares of Skarbiec Asset Management Holding SA for the Polish Enterprise Fund V, L.P. ("PEF V"), BRE Bank sold 72 582 shares of SAMH of face value PLN 1 000 each.

The Bank sold the aforementioned shares for a total amount of PLN 155 000 000.The price for shares was paid on 8 January 2007. Ownership of those shares was transferred to PEF V on 8 January 2007. The value of sold shares of net assets of SAMH was PLN 57 927 thousand. After the transaction the Bank does not possess any shares of SAMH. The gain to the Group on sale of shares of SAMH in the amount of PLN 89 458 thousand was included in the result of discontinued operations.

The below indicated financial data concern non-current assets (disposal groups) held for sale and discontinued operations as at 30 September 2007, 31 December 2006 and 30 September 2006 relatively.

Financial data concerning balance sheet items related to assets held for sale for the period from January 1 to September 30, 2007, and from January 1 to September 30, 2006 are as follows:

as at	30.09.2007	31.12.2006	30.09.2006
Assets held for sale, including:			
Cash and balances with Central Bank	-	3	-
Loans and advances to banks	11 383	10 550	10 039
Trading securities	-	6 548	-
Investment securities	78 445	63 055	62 670
- available for sale	-	10 642	-
- held to maturity	78 445	52 413	62 670
Intangible assets (including goodwill)	221 022	250 625	229 236
Tangible fixed assets	1 433	5 550	313
Deferred income tax assets	1 477	7 268	4 988
Other assets	14 930	41 595	9 817
Total assets held for sale	**328 690**	**385 194**	**317 063**

as at	30.09.2007	31.12.2006	30.09.2006
Liabilities held for sale, including:			
Other liabilities	8 219	23 288	5 007
Provisions	1 611	1 713	1 235
Total liabilities held for sale	**9 830**	**25 001**	**6 242**

Financial data concerning income statement items related to assets held for sale and discontinued operations for the period from 1 January to 30 September 2007 and the period from 1 January to 30 September 2006 are as follows:

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Interest income	2 485	2 016
Interest expense	(4)	-
Net interest income	**2 481**	**2 016**
Fee and commission income	33 794	99 051
Fee and commission expense	(14 006)	(28 479)
Net fee and commission income	**19 788**	**70 572**
Net trading income, including:	-	293
Foreign exchange result	-	*(2)*
Other trading income	-	*295*
Gains less losses from investment securities	2 731	160
Other operating income	33	148
Overhead costs	(6 261)	(30 701)
Amortization and depreciation	(323)	(1 284)
Other operating expenses	(4 709)	(11 507)
Operating profit	**13 740**	**29 697**
Income from sale of assets held for disposal	89 458	-
Profit (loss) before income tax from discontinued operations	**103 198**	**29 697**
Income tax expense	(21 233)	(4 365)
Net profit (loss) from discontinued operations including minority interest	**81 965**	**25 332**
Net profit attributable to minority interest	-	-
Net profit (loss) from discontinued operations	**81 965**	**25 332**

Financial data concerning cash flows related to assets held for sale and discontinued operations for the period from 1 January to 30 September 2007 and the period from 1 January to 30 September 2006 are as follows:

the period	from 01.01.2007 to 30.09.2007	from 01.01.2006 to 30.09.2006
Cash flow from operating activities	(2 606)	13 910
Cash flows from investing activities	153 933	(3 049)

<u>Earnings per share for 9 months – discontinued operations</u>

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Basic:		
Net profit from discontinued operations attributable to shareholders	81 965	25 332
Weighted average number of ordinary shares	29 557 511	29 294 433
Net basic profit per share (in PLN per share)	**2.77**	**0.86**
Diluted:		
Net profit from discontinued operations attributable to the shareholders, applied for calculation of diluted earnings per share (in thousand PLN)	81 965	25 332
	-	-
Weighted average number of ordinary shares	29 557 511	29 294 433
Adjustments for:		
- stock options for employees	75 160	181 339
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 632 671	29 475 772
Diluted earnings per share (in PLN per share)	**2.77**	**0.86**

Selected explanatory information

1. Compliance with International Financial Reporting Standards

The presented concise report for the third quarter of 2007 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 Consolidated Financial Statements for the third quarter of 2007. The accounting policies were applied consistently over all of the presented periods.

3. Seasonal or cyclical nature of the business

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

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

- On 24 September 2007 BRE Leasing Sp. z o.o., a subsidiary company of BRE Bank, entered into a loan agreement with Commerzbank AG, Branch in Prague. The amount of the loan has amounted to PLN 1 000 000 000. This is a long-term multicurrency loan to be used up by 24 September 2008. The loan is to be repaid until September 27, 2012.

  The interest has been based on the base rate applicable to the currency being drawn and the interest period selected (plus margin of Commerzbank AG, Branch in Praque), i.e.:
  - for PLN – WIBOR 2W, 1M, 3M, 6M,
  - for EUR – EURIBOR 2W, 1M, 3M, 6M,
  - for CHF – CHFLIBOR 2W, 1M, 3M, 6M

- On 28 September 2007 BRE Bank entered into a loan agreement with Commerzbank AG. The Bank will get a loan in the amount of CHF 500 000 000 (PLN 1 138 100 000 at the average rate of exchange announced by National Bank of Poland on 28 September 2007) for the purpose of fulfilling general financial needs of the Bank.

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 2007 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 2007 BRE Leasing issued short term bonds amounting to PLN 100 000 thousand. In the same period, the company repurchased short term bonds in the amount of PLN 149 500 thousand. Moreover BRE Bank Hipoteczny issued bonds amounting to PLN 3 668 818 thousand as well as mortgage bonds amounting to PLN 300 000 thousand in the third quarter of 2007. In the same period the company repurchased bonds amounting to PLN 3 538 300 thousand.

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

The General Meeting of Shareholders of BRE Bank SA on 16 March 2007 adopted the resolution not to pay any dividend for the year 2006.

8. Income and profit by business segment

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

9. Significant events after the end of the third quarter of 2007, which were not reflected in the financial statement

The above indicated events did not occur in the Bank.

10. The effect of changes in the structure of the entity in the third quarter of 2007, including business combinations, acquisitions or disposal of subsidiaries, and long-term investments, restructuring, and discontinuation of business activities

In the third quarter of 2007, the above indicated events did not occur in material range from the Group's point of view.

11. Changes in contingent liabilities and commitments

In the third quarter of 2007 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 Bank.

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 2007 no significant impairment loss write-offs were recorded in relation to any tangible fixed assets, intangible assets, and other assets, nor were any reversals on such account recorded within 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 2007 there were no material transactions of acquisition or disposal of any tangible fixed assets, except of tipical operations of Group entities performing leasing and real estate development activities.

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

The above indicated events did not occur in the Bank.

17. Corrections of errors from previous reporting periods

In the third quarter of 2007 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.

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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 quaterly report compared to the forecast

BRE Bank did not publish a performance forecast for 2007. 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 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 2007 was 29 614 972 shares (vs. 29 459 506 as at 30 September 2006) with PLN 4 nominal value each (PLN 4 in 2006). All issued shares were fully paid.

Issue of 50 938 shares in the third quarter of 2007 resulted from realization of the option program.

REGISTERED SHARE CAPITAL								
Series / issue	**Share type**	**Type of privilege**	**Type of limitation**	**Numebr 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*
22-05-03	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*
Total number of shares				**29 614 972**				
Total registered share capital					**118 459 888**			
Nominal value per share			4					

* date of registration of shares in National Securities Deposit (KDPW SA)

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21. Material share packages

There was a change in the holding of material share packages of BRE Bank SA in the third quarter of 2007.

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 2007 it held 69.96% of the share capital and votes at the General Meeting of BRE Bank SA (as at 31 December 2006 – 70.20%).

Moreover, in accordance with the notification sent to BRE Bank, BZ WBK AIB Asset Management SA held 1 486 325 shares of BRE Bank, which as at 30 September 2007 represented 5.0188% of share capital of BRE Bank and gave 1 486 325 rights to vote at the General Meeting of BRE Bank, which represented 5.0188% of general number of votes at the General Meeting of BRE Bank as at 30 September 2007. The shares were deposited on accounts of clients of BZ WBK AIB Asset Management SA. The above indicated figures also included shares of BRE Bank, being the property of investment funds managed by BZ WBK AIB TFI SA. BZ WBK AIB TFI SA informed BRE Bank of holding 1 484 452 shares of BRE Bank by the investments funds. The shares represented 5.0125% of share capital of BRE Bank as at 30 September 2007 and gave 1 484 452 rights to vote at the General Meeting of BRE Bank, which represented 5.0125% of general number of votes at the General Meeting of BRE Bank as at 30 September 2007.

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 2007	Number of shares acquired from the date of publishing the report for Q2 2007 to the date of publishing the report for Q3 2007	Number of shares sold from the date of publishing the report for Q2 2007 to the date of publishing the report for Q3 2007	Number of shares held as at the date of publishing the report for Q3 2007
Management Board				
1. Sławomir Lachowski	100	-	-	100
2. Bernd Loewen	-	5 609	5 609	-
3. Jerzy Jóźkowiak	1 374	-	-	1 374
4. Jarosław Mastalerz	-	-	-	-
5. Rainer Ottenstein	-	5 609	-	5 609
6. Wiesław Thor	-	-	-	-
7. Janusz Wojtas	-	-	-	-

	Number of options held as at the date of publishing the report for Q2 2007	Number of options acquired from the date of publishing the report for Q2 2007 to the date of publishing the report for Q3 2007	Number of options realised from the date of publishing the report for Q2 2007 to the date of publishing the report for Q3 2007	Number of options held as at the date of publishing the report for Q3 2007
Management Board				
1. Sławomir Lachowski	7 888	-	-	7 888
2. Bernd Loewen	5 609	-	5 609	-
3. Jerzy Jóźkowiak	5 609	-	-	5 609
4. Jarosław Mastalerz	-	-	-	-
5. Rainer Ottenstein	5 609	-	5 609	-
6. Wiesław Thor	5 609	-	-	5 609
7. Janusz Wojtas	5 609	-	-	5 609

The Members of Supervisory Board of BRE Bank SA hold neither Bank shares nor Bank share options.

23. Earnings per share (stand alone data)

<u>Earnings per share for 9 months</u>

the period	**from 01.01.2007 to 30.09.2007**	**from 01.01.2006 to 30.09.2006**
Basic:		
Net profit attributable to the shareholders	549 652	221 273
Weighted average number of ordinary shares	29 557 511	29 294 433
Net basic profit per share (in PLN per share)	**18.60**	**7.55**
Diluted:		
Net profit attributable to the shareholders, applied for calculation of diluted earnings per share (in thousand PLN)	549 652	221 273
Weighted average number of ordinary shares in issue	29 557 511	29 294 433
Adjustments for:		
- stock options for employees (in thousand PLN)	75 160	181 339
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 632 671	29 475 772
Diluted earnings per share (in PLN per share)	**18.55**	**7.51**

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

As at 30 September 2007, BRE Bank was not involved in any proceedings before a court, arbitration body, or public administration authority concerning liabilities of the Bank or its subsidiaries which value would be equal to or greater than 10% of the Bank's equity. The total value of claims concerning liabilities of the Bank in all proceedings before a court, an arbitration body or a public administration authority underway at 30 September 2007 was PLN 328 262 thousand, equal to 10.98 % of the issuer's equity.

Report on major proceedings concerning contingent liabilities of the Bank or its subsidiaries

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

   Claim was filed on 30 August 1994. On 26 July 2004 the Court of the first instance adopted a decision in favour of the Bank. Pursuant to the decision, the original claims for PLN 99.1 million plus statutory interest accrued since 1991 were dismissed by the Court as in the course of the proceedings the claimant withdrew the claims and presented a new calculation of losses and a new factual basis of the claims. The claims for PLN 17.4 million raised in the course of the proceedings were dismissed due to limitation and lack of sufficient evidence. On 4 July 2005, the Appeal Court in Warsaw dismissed the entire appeal of the claimant. The amount of claim in the proceedings of the second instance was PLN 17.4 mln. The claimant filed the last resort appeal for the ruling of the Court of Appeal. The Highest Court on the May 17, 2006 issued the verdict, according to which the claims of ART-B in the amount of PLN 3 697 thousand was sent back for further recognition to the Court of Appeal and the claims above that amount were dismissed. On Nevember 8, 2006, the Court of Appeal dismissed the claim in part, which was send back for further recognition by the Supreme Court. The claimant filed the last resort appeal for the ruling of the Supreme Court on 17 February 2007. On 18 May 2007 The Highest Court dismissed the ruling from 8 November 2006 of the Court of Appeal and referred the case back to the Court of Appeal in Warsaw.

   Proceedings for the claims were also opened against BRE Bank SA in the Court of Jerusalem, Israel, and the value of the dispute is USD 43.4 million (PLN 115.6 million according to the average exchange rate of the National Bank of Poland on 30 September 2007). In these proceedings, BRE Bank SA assists the main defendant, Bank Leumi Le Israel. BRE Bank SA's liability is under recourse, and depends on whether the court grants ART-B's claims against Bank Leumi. Only then will the court consider Bank Leumi's claims against BRE Bank SA. The Israeli proceedings are still at the pre-trial stage (prior to the first hearing). Bank Leumi and ART-B have come to an agreement concerning arbitration. For reasons of procedure, BRE Bank SA has joined the process, which does not imply its acceptance of the claims or readiness to make a settlement. The probability of dismissal of the claims against BRE Bank SA by the court in Israel has increased considerably in connection with the decision of the Polish court in favour of BRE Bank SA.

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

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

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

   Bank BPH SA brought the case to court on 17 February 2005. The value of the dispute was estimated at PLN 42 853 892.10. The purpose was to recognize actions related to the creation of Garbary Sp. z o.o. and the contribution in kind as ineffective. The dispute focuses on determination of the value of the right to perpetual usufruct of land and related buildings that Zakłady Mięsne POZMEAT with registered office in Poznań contributed in kind to Garbary Sp. z o.o. as payment for Pozmeat's share in the PLN 100 000 000 share capital of Garbary. On June 6, 2006 the District Court in Poznań issued the verdict according to which the claims were dismissed in its entire. The claimant filed an appeal against that verdict. On 6 February 2007 the Appeal Court dismissed the claimant's appeal. The claimant filed the last resort appeal for the ruling of the Appeal Court. On 2 October 2007 the Highest Court revoked the ruling of the Appeal Court and referred the case back for further recognition.

4. Lawsuit against Dom Inwestycyjny BRE Banku SA („DI BRE") by the Katarzyna and Leon Praśniewski

   On 31 January 2001, Katarzyna and Leonard Praśniewski filed claims for compensation against Dom Inwestycyjny BRE Banku SA (DI BRE) before the District Court of Warsaw. The value of the dispute is PLN 13.9 million. In 2003, the court of the first instance granted the plaintiffs' claims of PLN 13.9 million from DI BRE. Following an appeal filed by DI BRE, the court of the second instance in its decision of 29 April 2004 changed the original decision and dismissed the claims. The plaintiffs filed cassation against the decision of the court of the second instance. On 15 April 2005, the Supreme Court revoked the decision of the Appeal Court in Warsaw and referred the case back to the Appeal Court. On 29 December 2005 Appeal Court in Warsaw set aside point 1 of the sentence of District Court in Warsaw dated at 17 June 2003 and it adjudged to L. Praśniewski the amount of PLN 1 245 091 with statutory interest beginning from 6 November 2000 and the amount of PLN 202 689.92 with statutory interest beginning from 6 November 2000 to Katarzyna Praśniewska-Steggles. The other matters included in the judgement will be examined once again by the District Court in Warsaw. The District Court will also decide about the costs of the trial. The value of claim to recognize was transmit to the District Court in Warsaw is in amount of PLN 12 494 361.08.

   According to the Bank and its legal counsel, the sentence of the Appeal Court does not have any influence on the current risk estimation. Taking into account the amount adjudged to plaintiffs by the Appeal Court, the legal risk posed by the case is estimated at not more than PLN 1.5 million.

Litigious cases are treated by the Group as contingent commitments.

As at 30 September 2007, 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 2007 did not go beyond 10 % of the issuer's equity.

Contingent commitments of DI BRE due to Investor Compensation Scheme

DI BRE forecasts that in connection with declaring bankruptcy by brokerage house Warszawska Grupa Inwestycyjna (WGI) the amount due to Investor Compensation Scheme (KSR) for claims of WGI's clients might increase. Owing to the lack of possibility to estimate amount of claims of WGI's clients and the fact, that National Depository for Securities (KDPW) did not announce the information on possible payments to Investor Compensation Scheme, DI BRE did not create the provision. The provision will be created when KDPW confirms the necessity of additional payments to KSR.

Taxes

The tax authorities have not carried out any full-scope tax audits at the Bank or its subsidiaries within three quarters of 2007 and in the year 2006.

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

The last tax audit was carried out in 2002.

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25. Off-balance sheet liabilities

Off-balance sheet liabilities as at 30 September 2007, 31 December 2006 and 30 September 2006

Consolidated data

	30.09.2007	31.12.2006	30.09.2006
Contingent liabilities granted and received	**19 217 555**	**15 318 164**	**12 692 174**
Commitments granted	**16 268 081**	**14 254 978**	**11 402 250**
- financing	12 863 766	10 751 379	8 982 731
- guarantees and other financial facilities	2 512 124	2 697 823	2 419 519
- other commitments	892 191	805 776	-
Commitments received	**2 949 474**	**1 063 186**	**1 289 924**
- financing	2 379 440	117 665	224 534
- guarantees	570 034	945 521	1 065 390
Liabilities related to purchase/sale transactions	**634 251 280**	**541 501 749**	**549 596 919**
Total off-balance sheet items	**653 468 835**	**556 819 913**	**562 289 093**

Stand-alone data

	30.09.2007	31.12.2006	30.09.2006
Contingent liabilities granted and received	**18 486 920**	**14 950 693**	**13 870 554**
Liabilities granted	**16 864 683**	**14 134 181**	**12 948 444**
- financing	11 851 853	9 783 948	8 146 264
- guarantees	4 120 639	4 166 433	4 802 180
- others	892 191	183 800	-
Liabilities received	**1 622 237**	**816 512**	**922 110**
- financing	1 213 250	651	87 989
- guarantees	408 987	815 861	834 121
Liabilities arising from purchase/sale operations	**634 722 513**	**542 547 690**	**550 062 661**
Total off-balance-sheet items	**653 209 433**	**557 498 383**	**563 933 215**

26. Transactions with related entities

BRE Bank SA is a parent entity of 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 with 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 24 September 2007 BRE Leasing Sp. z o.o., a subsidiary company of BRE Bank, entered into a loan agreement with Commerzbank AG, Branch in Prague. The amount of the loan has amounted to PLN 1 000 000 000. This is a long-term multicurrency loan to be used up by 24 September 2008. The loan is to be repaid until September 27, 2012.

  The interest has been based on the base rate applicable to the currency being drawn and the interest period selected (plus margin of Commerzbank AG, Branch in Praque), i.e.:
  - for PLN – WIBOR 2W, 1M, 3M, 6M,
  - for EUR – EURIBOR 2W, 1M, 3M, 6M,
  - for CHF – CHFLIBOR 2W, 1M, 3M, 6M

- In June and September 2007 BRE Bank entered into agreement on servicing subissue of letters of pledge with BRE Bank Hipoteczny ("BBH"), a subsidiary company which is in 100 % controlled by the Bank, and appendices relating to agreement on letters of pledge issue program. Upon these agreements the Bank has taken over the letters of pledge, issued by BBH of total nominal value of PLN 300 000 000. The appendix concluded with BBH and Dom Inwestycyjny BRE of BRE Bank SA on 25 September 2007 was the larger agreement of the two mentioned above. On the basis of the agreement the Bank made registration for 200 000 general letters of pledge on 27 September 2007, PUA2 set, issued by BBH of total nominal value of PLN 200 000 000 and five-year maturity period. The letters of pledge were acquired by the Bank on 28 September 2007.

Letters of pledge interest and remuneration terms were established on market terms.

Moreover the Bank undertook itself to sell letters of pledge, PUA2 set, to international financial institution on 28 September. The appendix to the agreement on letters of pledge issue program as well as the agreement on letters of pledge issue program (together known as "Agreement") include standard conditions applied in such agreements, however if the above indicated letters of pledge were not sold to the international financial institution, BRE Bank had a right to sell the letters of pledge to the third party and if so, BBH undertook itself to cover the disparity between issue price that would be paid by BRE Bank and the value received from sale of the letters of pledge to the third party plus transaction costs ("Disparity").

The appendix is in force until 30 October with the exception of the above indicated clause relating to the disparity repayment, which is to be paid after the date.

- On 28 September 2007 BRE Bank entered into a loan agreement with Commerzbank AG. The Bank will get a loan in the amount of CHF 500 000 000 (PLN 1 138 100 000 at the average rate of exchange announced by National Bank of Poland on 28 September 2007) for the purpose of fulfilling general financial needs of the Bank.

  The loan is granted for 3 years, interest rate 0.155 % p.a. plus LIBOR, the tranches will be rolled in every three months.

In all reporting periods there were no mutual transactions with direct parent entity of BRE Bank.

The amounts of transactions with related entities, i.e. balance sheet balances and related expenses and income as at 30 September 2007, 31 December 2006 and 30 September 2006 were as follows:

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Numerical data concerning transactions with affiliated entities - 30 September 2007

No.	Company's name	Balance sheet		Income Statement				Off balance sheet	
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	ServicePoint Sp. z o.o.	434	68	0	(12)	8	0	0	0
2	BRELINVEST Sp. z o.o. Fly 2 Sp. komandytowa	0	2	0	(3)	1	0	0	0
3	BREL-MAR Sp. z o.o.	0	1	0	0	1	0	0	0
4	AMBRESA Sp. z o.o.	0	392	0	0	1	0	0	0
5	BRE Ubezpieczenia TU SA	0	15 424	3	(201)	3	0	0	0
	Associated								
	Xtrade SA	0	1	0	(3)	4	0	0	0
	Ultimate Parent Group								
	Commerzbank AG Group	494 072	8 220 980	18 932	(159 511)	0	0	32 781	1 248 585

Numerical data concerning transactions with affiliated entities - 31 December 2006

No.	Company's name	Balance sheet		Income Statement				Off balance sheet	
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	emFinanse Sp. z o.o.	6 385	11	88	(2)	57	0	5 216	0
2	ServicePoint Sp. z o.o.	0	822	0	(4)	3	0	0	0
3	FAMCO SA	0	3 850	0	(144)	4	0	0	0
4	BRELINVEST Sp. z o.o. Fly 2 Sp. komandytowa	0	19	0	(6)	1	0	0	0
5	BRELIM Sp. z o.o.	0	13	49	0	1	0	0	0
6	BREL-MAR Sp. z o.o.	0	3	0	0	1	0	0	0
7	BREL-RES Sp. z o.o.	16 253	205	2 528	(121)	27	0	0	0
8	AMBRESA Sp. z o.o.	0	866	0	(2)	2	0	0	0
9	BRE Ubezpieczenia Sp. z o.o.	0	2 516	0	(47)	2	0	0	0
	Associated								
	Xtrade SA	0	88	2	(2)	7	0	0	0
	Ultimate Parent Group								
	Commerzbank AG Group	536 360	6 274 002	13 036	(128 374)	0	0	197 869	204 986

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Numerical data concerning transactions with affiliated entities - 30 September 2006

No.	Company's name	Balance sheet		Income Statement				Off balance sheet	
		Receivables	Liabilities	Interest income	Interest expense	Commission income	Commission expense	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	ServicePoint Sp. z o.o.	0	22	0	(1)	2	0	0	0
2	FAMCO SA	0	3 862	0	(109)	3	0	0	0
3	BRELINVEST Sp. z o.o. Fly 2 Sp. komandytowa	0	21	0	(3)	1	0	0	0
4	BRELIM Sp. z o.o.	0	19	49	0	1	0	0	0
5	BREL-MAR Sp. z o.o.	0	3	0	0	1	0	0	0
6	AMBRESA Sp. z o.o.	0	648	0	0	1	0	0	0
7	emFinanse Sp. z o.o.	3 755	60	34	(2)	30	0	1 646	0
8	BRE Ubezpieczenia Sp. z o.o.	0	3 338	0	(21)	1	0	0	0
	Associated								
	Xtrade SA	0	20	2	(1)	5	0	0	0
	Ultimate Parent Group								
	Commerzbank AG Group	61 744	3 750 077	0	(79 074)	0	0	2 969 249	223 440

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

The Bank's exposure under extended guarantees in excess of 10% of the equity as at 30 September 2007 relates to:
- three guarantees of the redemption of euronotes issued by order of BRE Finance France SA (issuer of euronotes), a 100%-owned subsidiary of BRE Bank SA. In October 2004 took effect the first guarantee of EUR 225 million with expire date in October 2007. The second guarantee of USD 10 million took effect in December 2004 and expires in 2009. The third guarantee of EUR 200 million took effect in June 2005 and expires in 2008.

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

In resolution dated on June 29, 2007, the Supervisory Board of BRE Bank SA appointed Mr. Jarosław Mastalerz as Management Board Member and Director of the Bank as of August 1, 2007, until the end of present term of office of the Management Board of BRE Bank SA. Mr. Jarosław Mastalerz will be responsible for the retail banking division of BRE Bank SA.

29. Factors affecting the results in the coming quarter

Other than the day-to-day operations of the Bank and the companies of the Group, no events that might significantly affect the results of the quarter are expected to occur in Q4 2007.