BRE BANK SA

BRE Bank SA Group

IFRS Consolidated Financial Statements
for the first quarter of 2009

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Selected financial data

SELECTED FINANCIAL DATA FOR THE GROUP		in PLN '000		in EUR '000	
		Ist quarter of 2009 from 01.01.2009 to 31.03.2009	Ist quarter of 2008 from 01.01.2008 to 31.03.2008	Ist quarter of 2009 from 01.01.2009 to 31.03.2009	Ist quarter of 2008 from 01.01.2008 to 31.03.2008
I.	Interest income	947 760	768 445	206 062	216 013
II.	Fee and commission income	219 745	215 780	47 777	60 657
III.	Net trading income	122 991	135 074	26 741	37 970
IV.	Operating profit	103 321	419 713	22 464	117 983
V.	Profit before income tax	103 321	419 713	22 464	117 983
VI.	Net profit attributable to owners of the parent	77 221	344 623	16 789	96 875
VII.	Net profit attributable to non-controlling interests	(1 472)	13 418	(320)	3 772
VIII.	Net cash flows from operating activities	(2 234 126)	773 577	(485 743)	217 456
IX.	Net cash flows from investing activities	(46 447)	202 208	(10 098)	56 842
X.	Net cash flows from financing activities	(88 735)	1 477 133	(19 293)	415 228
XI.	Net increase / decrease in cash and cash equivalents	(2 369 308)	2 452 918	(515 134)	689 525
XII.	Total assets	81 245 476	60 549 198	17 281 492	17 173 180
XIII.	Amounts due to the Central Bank	1 919 809	880 000	408 357	249 589
XIV.	Amounts due to other banks	28 451 998	14 846 321	6 051 943	4 210 767
XV.	Amounts due to customers	35 299 820	33 582 262	7 508 523	9 524 721
XVI.	Equity attributable to owners of the parent	3 912 860	3 510 995	832 293	995 801
XVII.	Non-controlling interests	160 856	134 551	34 215	38 162
XVIII.	Share capital	118 764	118 655	25 262	33 653
XIX.	Number of shares	29 690 882	29 663 778	29 690 882	29 663 778
XX.	Book value per share (in PLN/EUR)	131.79	118.36	28.03	33.57
XXI.	Diluted book value per share (in PLN/EUR)	131.65	118.25	28.00	33.54
XXII.	Capital adequacy ratio	10.26	9.48	10.26	9.48
XXIII.	Earnings on continued operations per 1 ordinary share (in PLN/EUR)	2.60	11.48	0.57	3.23
XXIV.	Diluted earnings on continued operations per 1 ordinary share (in PLN/EUR)	2.60	11.47	0.56	3.22
XXV.	Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

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

SELECTED FINANCIAL DATA FOR THE BANK		in PLN'000		in EUR'000	
		Ist quarter of 2009 from 01.01.2009 to 31.03.2009	Ist quarter of 2008 from 01.01.2008 to 31.03.2008	Ist quarter of 2009 from 01.01.2009 to 31.03.2009	Ist quarter of 2008 from 01.01.2008 to 31.03.2008
I.	Interest income	765 266	607 823	166 384	170 862
II.	Fee and commission income	173 595	159 855	37 743	44 936
III.	Net trading income	116 906	130 010	25 418	36 546
IV.	Operating profit	87 192	358 338	18 957	100 730
V.	Profit before income tax	87 192	358 338	18 957	100 730
VI.	Net profit	66 839	312 723	14 532	87 908
VII.	Net cash flows from operating activities	(2 218 197)	1 080 629	(482 280)	303 769
VIII.	Net cash flows from investing activities	(38 870)	242 069	(8 451)	68 047
IX.	Net cash flows from financing activities	(168 807)	1 067 877	(36 702)	300 185
X.	Net increase / decrease in cash and cash equivalents	(2 425 874)	2 390 575	(527 433)	672 001
XI.	Total assets	70 444 725	52 872 162	14 984 095	14 995 792
XII.	Amounts due to the Central Bank	1 919 809	880 000	408 357	249 589
XIII.	Amounts due to other banks	20 737 885	10 271 965	4 411 096	2 913 371
XIV.	Amounts due to customers	34 806 541	33 901 861	7 403 599	9 615 367
XV.	Equity	3 625 260	3 250 056	771 119	921 793
XVI.	Share capital	118 764	118 655	25 262	33 653
XVII.	Number of shares	29 690 882	29 663 778	29 690 882	29 663 778
XVIII.	Book value per share (in PLN/EUR)	122.10	109.56	25.97	31.07
XIX.	Diluted book value per share (in PLN/EUR)	121.97	109.47	25.94	31.05
XX.	Capital adequacy ratio	10.18	10.07	10.18	10.07
XXI.	Earnings per 1 ordinary share (in PLN/EUR)	2.25	10.54	0.49	2.96
XXII.	Diluted earnings per 1 ordinary share (in PLN/EUR)	2.25	10.53	0.49	2.96
XXIII.	Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

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 31 March 2009 – 1 EUR = 4.7013 PLN and an exchange rate announced by the National Bank of Poland as at 31 March 2008 – 1 EUR = 3.5258 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 2009 and 2008: 1 EUR = 4.5994 PLN and 1 EUR = 3.5574 PLN respectively.

Introduction

Net profit attributale to the shareholders of BRE Bank Group reached PLN 77.2 million at the end of March 2009, compared to PLN 344.6 million in Q1 2008. The Q1 2009 pre-tax profit of PLN 103.3 million was affected by adverse market trends, already reflected in the Group's results in Q4 2008, as well as by the lack of one-off transactions, unlike in Q1 2008, when the pre-tax profit stood at PLN 419.7 million.

In Q1 2009 the profit before tax was down by PLN 316.4 million or 75.4% year on year. This was mainly due to the development of credit provisions and the non-occurence of one-off transactions; by contrast, Q1 2008 results included very low credit provisions and the sale of the subsidiary Vectra S.A. at a profit of PLN 137.7 million.

Compared to Q4 2008, which is more representative as a basis of comparison due to similar conditions in the external environment, the profitability of the core business improved as the pre-tax profit grew by ca. PLN 58 million (130%).

Net interest income continued to grow in Q1 2009, like in previous periods: it increased by over 25% year on year and by ca. 3% quarter on quarter. Net commission income decreased in Q1 2009, just like in Q4 2008, mainly due to the slow-down of business activity, including lending. Despite prevailing difficult conditions on the financial market and the economic decline, the trading income was relatively high. While the trading income was down year on year, it was almost double that reported in Q4 2008. Thanks to the implementation of cost-saving measures in the BRE Bank Group, the overhead costs in Q1 2009 were slightly down year on year and down significantly quarter on quarter.

BRE Bank Group's return on equity (the profit before tax on continued and discontinued operations to the average equity excluding the profit of the period) was 10.4% p.a. in Q1 2009, compared to 30.8% in all of 2008. In the absence of discontinued operations in 2009, ROE before tax on the continued operations was also 10.4% p.a., compared to 26.7% in 2008.

The Group's cost/income ratio (CIR measured as overhead costs and amortisation/depreciation to income including net other operating income and cost) was 53.4% at the end of March 2009, compared to 55.1% in all of 2008 (60.6% net of the one-off transactions).

The main drivers of the financial results in Q1 2009 included:

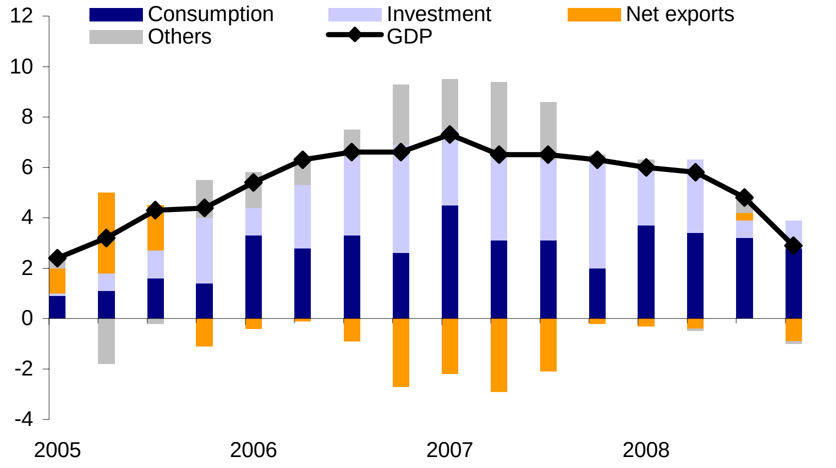
1. High share of loans in the Group's balance sheet, mainly due to significant growth in 2008, also due to depreciation of the zloty – in particular retail loans which almost doubled year on year. The growth rate of loans dropped significantly in Q1 2009; the actual growth (total loans up by ca. 8%, retail loans up by 11%) was almost exclusively a result of changing fx rates. Further growth (by ca. 10 pp YoY) of the share of retail loans in the portfolio has a positive impact on the structure of the balance sheet from the perspective of profitability of business and diversification of risks.
2. Downward trend of customer deposits, mainly driven by increased competition for deposits in the market with Bank's pursuing an aggressive policy of attracting deposits at rates significantly higher than the market rates. The change of the structure of funding on the balance sheet of BRE Bank in favour of interbank market funds caused a proportionate increase of interest costs, affecting the realised interest margins.
3. Downward trend of market interest rates, causing an interest margin decrease, in particular concerning attracted short-term customer funds.
4. Further rise of the fx rates, increasing both, balance-sheet items and the fx profit.
5. Impact of declining market conditions and low liquidity including limited opportunities to generate income, growing cost of raising funding, and negative impact on the valuation of liquidity instruments and derivative instruments.
6. Significant growth of credit provisions due to the effects of the market downturn on the standing of customers of the Bank (including over 30% of credit provisions against derivative instruments).
7. Strict cost discipline, both at the Bank and the subsidiaries, with the implementation of the BREnova strategic programme.

Macroeconomics in Q1 2009

Gross Domestic Product

Macroeconomic data published in Q1 indicate a sharp decline of Poland's economy. Already in Q4 2008, GDP growth dropped to 2.9% YoY, compared to 6% in H1 2008. The slow-down was mainly caused by a fall of exports, down by 2.6% YoY in Q4 (in fixed prices), and decreasing stocks; combined with a low growth of investments (3.5% YoY), this implied that accumulation grew by only 1.5% YoY (compared to 5.6% YoY in Q3). Imports fell less than exports, by -0.3% YoY in Q4, resulting in a negative net contribution of exports to GDP growth at -0.9 percentage points. Growth in private consumption remained strong at 5.2% YoY. Collective consumption also grew fast, by 3.0% YoY, driven by increased State spending.

Structure of GDP Growth (percentage points)

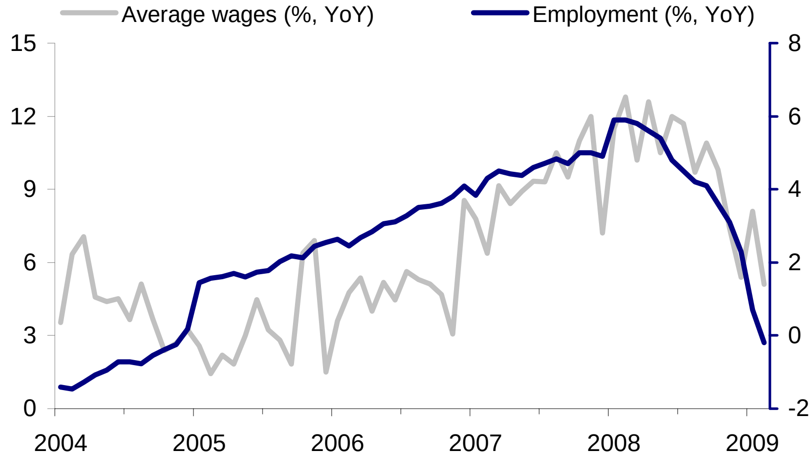


Current macroeconomic data, including a sharp fall in industrial output (by 14.3% YoY in January-February 2009) and weak retail sales figures (1.3% YoY in January, -1.6% YoY in February) suggest that GDP growth QoQ could be negative in Q1 (net of seasonal effects). The actual GDP rate depends on the net contribution of exports, which should be positive since imports decreased more than exports in January and February.

Labour Market

The symptoms of deterioration of the labour market intensified in Q1 2009. The growth of salaries in the corporate sector fell to 5.1% YoY in February while the growth of employment was negative for the first time since 2004 (-0.2% YoY). Employment fell by more than 5% YoY in the production industry, especially in sectors dependent on exports, like the automotive and furniture industries. The reported data may not capture the actual decrease in employment because the Chief Statistical Office changed the composition of its statistical group of companies early this year. The unemployment rate grew from 9.5% at the end of 2008 to 11.2% at the end of March (according to estimates of the Ministry of Labour and Social Policy).

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

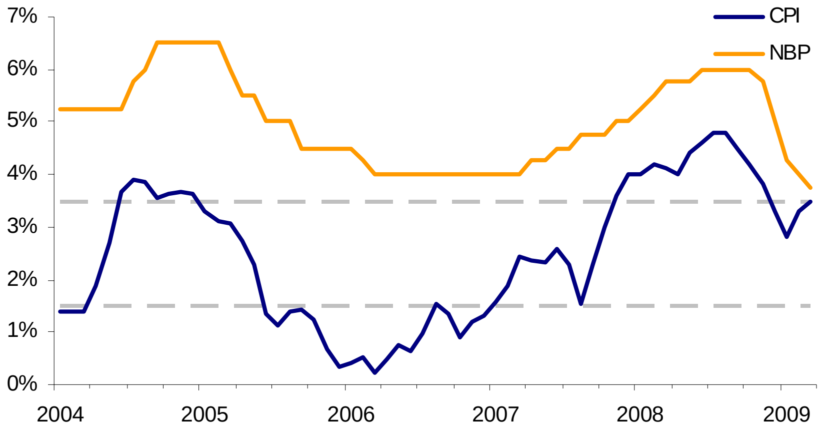


The strong growth of unemployment cannot be explained by seasonal effects as the unemployment rate had fallen by 0.3 percentage points in the same period of 2008. According to projections, the unemployment rate may exceed 13% by the year's end.

Inflation and NBP Interest Rates

Growing fuel prices, raised controlled prices and higher food prices contributed to temporary growth of inflation observed in Q1 2009. The trends were augmented by the strong depreciation of the zloty. The CPI grew from 3.3% YoY at the end of 2008 to 3.6% YoY in March, and again exceeded the ceiling of allowed deviation against the NBP inflation target. However, the main core inflation indicator (net of food and energy prices) fell from 2.8% to ca. 2.4% in the same period, which indicates weakening demand pressure. In view of no plans of further sharp raises of controlled prices, signals of reverting currency appreciation as well as the statistical base effect, the CPI is expected to approach the Monetary Policy Council target (2.5%) in H2 2009.

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

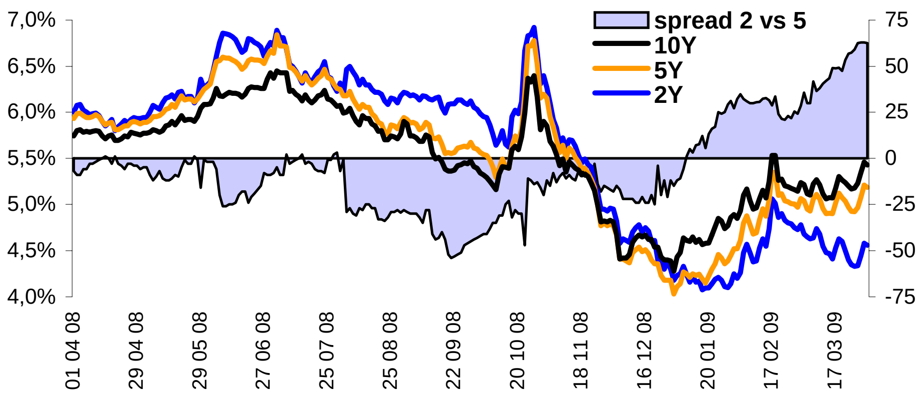


In view of expected lower inflation and the deteriorating outlook of the Polish economy, the Monetary Policy Council continued to relax the monetary policy. The NBP reference rate was cut by 125 bp in Q1 to the historically lowest level of 3.75%. Concerns about the depreciating zloty mitigated the scale of the rate cuts in favour of a step-by-step approach (cuts of 25 bp).

Financial Markets

The zloty depreciated sharply (by almost 20% against the euro and a high 1/3 against the dollar) between the beginning of 2009 and mid-February, mainly due to growing global risk aversion and the related mass outflow of portfolio capital from the emerging markets. This also drove fast growth of Polish Treasury yields, in particular at the long end of the yield curve. The yield of 10Y Treasury bonds grew by almost 100 bp in Q1, well above 6%, while the spread to 10Y German bonds was over 300 bp. The yield of Treasuries with shorter maturities was very volatile in the first half of Q1 and then decreased gradually as a result of subsequent cuts of the NBP rates, approaching the level reported early this year. As a result of these changes, the slope of the yield curve increased and the yield spread of 10Y and 2Y Treasuries increased to around 60-70 bp.

2Y, 5Y, 10Y IRS and 2Y/5Y Spread



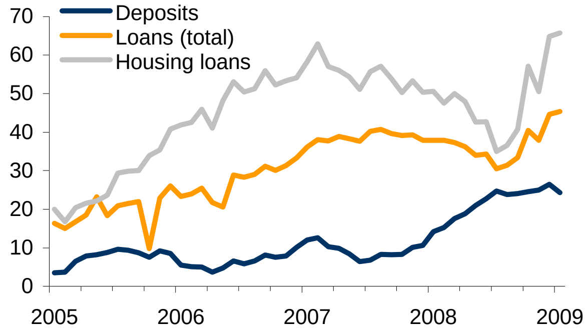
The situation in the market began to improve in mid-February: the zloty gradually appreciated, the bond yields stabilised (and dropped at the short end of the curve), the stock exchange indices rose strongly. The trend was mainly driven by an improving sentiment on the global markets; the zloty was supported by the Finance Ministry selling a part of EU funds on the fx market.

Banking Sector

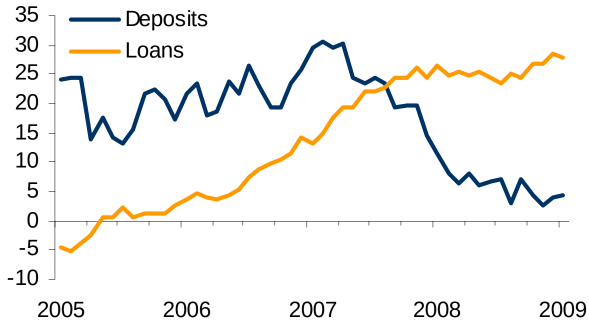
Relatively high growth of liabilities of the banking sector continued in Q1 (19.4% YoY v. 20.6% YoY at the end of 2008), mainly driven by still high growth in household deposits (25.3% YoY). Corporate deposits also grew year on year (by 6.9% at the end of March) but they fell by almost PLN 6.6 billion QoQ. The fall would have been sharper had it not been for an increase in the PLN amount of fx deposits accounting for ca. 17% of all liabilities of banks to corporates. Household deposits rose by almost PLN 25 billion in Q1, but in order to attract them banks had to offer relatively high interest rates. The average interest rate on new PLN household deposits in January was 2 percentage points higher than a year earlier and only started to fall noticeably in February.

The YoY growth in amounts receivable of the banking sector fell from 36% at the end of 2008 to 34.4% at the end of March but remained very high, driving the loans/deposits ratio to 116.4%. The growth was largely due to the strong depreciation of the zloty against foreign currencies which account for over 1/3 of amounts receivable of banks and over 70% of the housing loans portfolio. The PLN value of amounts receivable from households was up by 43.7% YoY at the end of March and the amounts receivable from corporates were up by 25.3%. However, the growth of bank loans weakened month on month and was only 0.6% and 0.2% respectively in March. Amounts receivable from corporates under PLN loans remained stable from September 2008.

Households
Growth of Deposits and Loans (%, YoY)



Corporates
Growth of Deposits and Loans (%, YoY)



Key Factors Driving the Results of the BRE Bank Group in Q1 2009

Balance Sheet

The BRE Bank Group's balance sheet total was PLN 81.2 billion at 31 March 2009, up by 34.2% year on year and down by 1.6% quarter on quarter.

Credits and loans grew the fastest in nominal terms, by PLN 18.9 billion or 50.8% year on year. A dynamic growth trend was reported in particular for retail loans, up by 93.9% or PLN 14.3 billion year on year. Meanwhile, the corporate loans portfolio was up by 22.2% or PLN 4.8 billion.

The growth rate of loans was 7.7% (PLN 4 billion) in Q1 2009; this was driven to a very large extent by the depreciation of the zloty and translation of the fx loans portfolio (mainly CHF loans) at a 10% higher fx rate. As a result, retail loans grew by PLN 2.8 billion in Q1 or 10.6% QoQ. Corporate loans grew by ca. PLN 1.6 billion or 6.2%, an average QoQ increase.

Advances and loans to banks fell by more than PLN 2 billion both, year on year and quarter on quarter. The portfolio of securities held for trading followed a similar trend: it was down by PLN 3.1 billion QoQ and down by PLN 2.5 billion YoY. Meanwhile, investment securities grew by PLN 1.6 billion year on year (PLN 0.9 billion quarter on quarter). These changes in short-term assets mainly occurred in March, resulting in a drop of their share in the total assets, although from the perspective of liquidity they remained at a safe level of over 20%.

Amounts due to clients, the Group's major source of funding, were up by 5.1% or PLN 1.7 billion year on year, reaching PLN 35.3 billion or 46% of the total liabilities at the end of Q1 2009. Amounts due to retail clients as well as amounts due to corporate clients were down in Q1 2009, by PLN 1 billion and by PLN 1.8 billion respectively; as a result, the total amounts due to clients fell by 6.5% QoQ.

The decrease in deposits at this time of crisis was related to the behaviour of clients and banks as participants of the financial market, including the need of financing the current business, precautionary measures aimed at diversification of risks, and the outflow of deposits to other banks which offered aggressive interest rates as they were looking to attract funding in the absence of liquidity on the market.

Liabilities to other banks grew by PLN 13.6 billion (91.6%) year on year, mainly thanks to credit lines in the Swiss franc obtained by the Bank and used to finance the portfolio of housing loans granted in CHF. Credit lines grew by PLN 11.3 billion year on year at the Bank and by ca. PLN 2.6 billion in the subsidiaries (mainly BRE Bank Hipoteczny and BRE Leasing). The liabilities to other banks grew by PLN 1 billion QoQ in Q1 2009, largely driven by the sharp increase of the fx rates resulting in an increasing PLN value of fx loans.

The share of the Group's equity in the sources of funding was 5% at the end of March 2009, compared to 6% at the end of Q1 2008 and 4.9% at the end of 2008; this demonstrates a stable share of equity over this period.

The capital adequacy ratio was 10.26% at the end of March 2009, compared to 10.26% at the end of 2008 and 9.48% at the end of March 2008. The ratio increased as equity was rising faster than the capital requirement.

The equity increased over that period due to the retention of the full profit (no dividend payout) and the related increase in the Tier 1 capital and due to the supplementary capital increase through subordinated loans totalling CHF 180 million, obtained in 2008. In addition, the equity grew year on year and quarter on quarter thanks to the rise of the CHF rate against the zloty. The goodwill of the subsidiaries fell significantly year on year due to the sale of PTE.

As a result, the own funds of the Group were PLN 6.2 billion at the end of March 2009, up by PLN 1.9 billion year on year and up by ca. PLN 0.3 billion quarter on quarter. Meanwhile, the capital requirement grew from PLN 3.7 billion at the end of March 2008 to PLN 4.7 billion at the end of 2008 and PLN 4.9 billion at the end of March 2009.

Profit and Loss Account

The BRE Bank Group generated a profit before tax of PLN 103.3 million in Q1 2009, up by 130% quarter on quarter. The profit of the Group fell by 75.4% year on year (63% net of the one-off transaction closed in 2008).

As discontinued operations are shown separately under the pre-tax profit, the individual profit and loss account items are discussed below for the continued operations, which account for the entire profit before tax of the Group in 2009.

The consolidated profit before tax of the continued operations reached PLN 103.3 million at the end of Q1 2009, compared to PLN -9.1 million in Q4 2008 and PLN 414.4 million in Q1 2008. The BRE Bank Group's income was PLN 672.5 million in Q1 2009, up by 13% or PLN 78.8 million quarter on quarter and down by 14% year on year (net of the one-off transaction of the sale of Vectra SA (the income grew by 4.1% or PLN 26.6 million).

Income grew mainly in the area of interest income and fx income. Commission income and other trading income decreased.

The net interest income grew by 3.3% quarter on quarter and by 25.7% year on year and reached PLN 397.1 million, compared to PLN 315.9 million in Q1 2008 and PLN 384.4 million in Q4 2008.

The QoQ increase was mainly reported by the Bank while the income of the subsidiaries grew less fast.

The BRE Bank Group's interest margin (net interest income to average interest-earning assets) was 2.2% p.a. in Q1 2009, down by ca. 10 bp year on year. The decrease of interest rates, rising cost of funding and the interest margin squeeze caused by growing competition in the deposit business had a negative impact on profitability, partly offset by positive factors including the improved structure of assets and rising margins on credit products.

The net interest income of the Retail Banking Line, up by 74.3% year on year or PLN 104.2 million, contributed to the growth of the net interest income of the BRE Bank Group. Meanwhile, the net interest income of Corporates and Financial Markets fell by 16.1% or PLN 29.3 million.

The Group's net commission income decreased by 5.3% quarter on quarter and by 14.4% year on year. The lower net commission income in Q1 2009 was affected by higher commission costs. The commission income was down in the brokerage and the insurance business. At the same time, income from payment cards, credit commissions and documentary transaction fees grew. The net commission income declined due to the falling commission income of all business lines. Corporates remained the largest contributor to the net commission income, its share was 75.6% of the Group's net commission income .

The trading income stood at PLN 123 million at the end of March 2009 and almost doubled quarter on quarter. The negative valuation of fx options deducted PLN 56.6 million from the trading income in Q4 2008. The Q1 trading income was down by ca. 9% year on year. The fx income was the main item of the trading income and it grew both QoQ and YoY. A loss of PLN 29.2 million on other trading activity in Q1 2009 was higher than the loss of Q4 2008 due to the declining market climate.

Trading and Investments and Corporates and Institutions reported an increase in the trading income quarter on quarter. However, their trading income was down year on year. The trading income of Retail Banking was moderately down quarter on quarter and up year on year. As a result, the share of the trading income of Retail Banking in the Group's income grew from 23% in 2008 to 26%.

No capital transactions were closed in 2009, while 2008 results included capital gains of PLN 137.7 million on the sale of Vectra in Q1 and a contribution of PLN 54.1 million to the Group's profit before tax from the sale of the merged PTE in Q4.

The Q1 2009 loss on investment securities relates to the results of the subsidiary Intermarket which recognised a negative valuation of its Romanian subsidiary, deducting ca. PLN 17 million from profit.

The other operating income (net other operating income and cost) was PLN 47.1 million in Q1 2009 and more than tripled quarter on quarter, but was down by ca. 10% year on year. In Q1 2008 BRE.locum made the greatest contribution to this income item: it had generated over 60% of its annual income in Q1 2008 thanks to high prices and advantageous market conditions; due to a sharp decline that later occurred in the external environment, BRE.locum was unable to generate a similar level of income in the subsequent months.

The Q1 2009 results of the Group were largely driven by the net credit provisions which stood at PLN 210 million, compared to PLN 130 million in Q4 2008. This included new provisions set up at the Bank (PLN 82.1 million) while the provisions of the subsidiaries were down by PLN 2.6 million. The provisions were up by PLN 187.8 million year on year as large credit provisions were released in 2008 after the repayment of irregular loans as well as the restructuring and sale of irregular loans portfolio.

The additional provisions set up by the Bank in 2009 included PLN 70.2 million of credit provisions against derivative transactions.

Quarter on quarter the provisions increased in Retail Banking (up by PLN 24.4 million) and in Corporates and Financial Markets (up by PLN 57.7 million).

Administrative expenses were up by only 3.5% or PLN 12.2 million year on year, including a comparable growth in the Bank and the Group subsidiaries. The cost increase occurred in amortisation and costs related to contributions to the Bank Guarantee Fund and the Financial Supervision Authority. Meanwhile, the personnel costs were down by PLN 6.4 million, mainly in the Bank. It should be stressed that the cost reduction in Q1 was largely driven by successful implementation of the strategic BREnova programme imposing a strict cost discipline and effective resources management.

The Group's administrative costs were down by PLN 113 million compared to the seasonally driven cost level of Q4 typical of the year's end. Costs were down mainly in the Bank, including both personnel costs (down by 30%) and maintenance costs (down by 33%). Amortisation costs stood at PLN 58.5 million in Q1 2009, comparable to Q4 2008.

Performance of the Business Lines

The presented results of the BRE Bank Group segments refer to the report covering both, continued and discontinued operations under relevant items. The Q1 results presented below are compared to Q1 2008 results under the applicable presentation of the financial results of the segments.

The Q1 2008 results were updated compared to the then published version in order to include the effect of consolidation of the subsidiary BREUbezpieczenia as of the beginning of 2008 and organisational changes in the Bank having a minor effect to the structure of the Group's results by segment.

Retail Banking and Private Banking

Financial Results

The Retail Banking and Private Banking Line, which had grown the fastest in the previous periods, grew its profit before tax by 8.5% to PLN 74 million in Q1 2009, compared to PLN 68.2 million in 2008. The growth of the profit in 2009 was affected by credit provisions which were 5 times higher than last year. The provisions of Retail Banking grew by ca. 45-55% QoQ throughout 2008 due to the strong growth of the retail portfolio. By comparison, the provisions grew relatively less quarter on quarter in Q1 2009, by 42% or PLN 24.4 million, also as a result of the slow-down in business activity.

The Segment's total income grew by 37% or ca. PLN 82 million year on year in Q1 2009. The high growth was mainly driven by the net interest income (up by 74.3%); as a result, the share of the Line in the Group's net interest income grew by over 17 pp to 61.6%. This growth of income was largely driven by the growth of the loans portfolio, mainly mortgage loans (up by 94% or PLN 11.8 billion year on year) as a result of both business expansion and rising fx rates.

The Segment's net commission income was down by PLN 20 million year on year in 2009, mainly due to the slow-down of the lending business.

As a result, the Segment's contribution to the Group's total net commission income dropped from 28.8% in 2008 to 18.9% in 2009.

The sound growth of income was coupled with a lower growth in administrative costs which increased by only 7.5%. This was owed to both, the imposed cost discipline across the Group and the lower costs of network expansion.

The contribution of the Segment to the Group's profit before tax was 71.6% in Q1 2009, compared to 16.3% in 2008.

The information below for mBank is presented for the domestic business activity and for activities in the Czech Republic and Slovakia.

Poland

Customers

BRE Bank's Retail Banking Line had 2,631.9 thousand customers at the end of Q1 2009 (including 2,119.5 thousand at mBank and 512.4 thousand at MultiBank). In Q1, the number of customers grew by 103.7 thousand (up by 4.1%; 84.4 thousand at mBank, 19.3 thousand at MultiBank) in Q1.

The Bank had 328.3 thousand microenterprise customers (250.3 thousand at mBank, 78.0 thousand at MultiBank). The number of new microenterprise customers acquired year to date was 16.3 thousand (up by 5.2%; 12.2 thousand at mBank, 4.1 thousand at MultiBank).

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Accounts

The Retail Banking Line had 3,313.1 thousand accounts at 31 March 2009 (2,984.1 thousand at mBank, 329.0 thousand at MultiBank). The number of accounts grew by 149.2 thousand (up by 4.7%; 135.4 thousand at mBank, 13.8 thousand at MultiBank) year to date.

There were 395.1 thousand microenterprise accounts (317.3 thousand at mBank, 77.8 thousand at MultiBank), up by 19.8 thousand year to date (up by 5.3%; 15.8 thousand at mBank, 4.0 thousand at MultiBank).

Deposits

BRE Bank Retail Banking deposits stood at PLN 14,276.4 million at the end of Q1 (PLN 10,452.9 million at mBank, PLN 3,823.5 million at MultiBank).

The balance-sheet deposits decreased by PLN 1,052.9 million year to date (down by 6.9%; PLN 442.9 million at mBank, PLN 610.0 million at MultiBank).

According to statistics at the end of February 2009, the market share of the BRE Bank Retail Banking Line deposits was 4.1%.

Investment Funds

Investment fund assets of BRE Bank retail customers reached PLN 1,017.5 million at the end of March 2009 (PLN 811.4 million at mBank, PLN 206.1 million at MultiBank).

Investment fund assets decreased by PLN 6.9 million after the end of December 2008 (down by 0.7%; PLN 7.9 million at mBank, PLN 1.0 million at MultiBank).

The market share of the BRE Bank Retail Banking Line's investment funds was 1.5% at the end of Q1 2009.

Loans

Balance-sheet loans stood at PLN 27,918.9 million at the end of March 2009 (PLN 12,206.8 million at mBank, PLN 15,712.1 million at MultiBank). Loans were up by PLN 2,921.7 million year to date (up by 11.7%; PLN 1,303.8 million at mBank, PLN 1,617.9 million at MultiBank).

The BRE Bank Retail Banking Line's market share in retail loans was 7.1% at the end of February 2009.

All microenterprise loans reached PLN 2,271.2 million at the end of March 2009 (PLN 562.0 million at mBank, PLN 1,709.2 million at MultiBank).

Structure of the Credit Portfolio:

- mBank: 84.2% mortgage loans, 4.6% credit lines, 3.6% credit cards, 7.6% other;
- MultiBank: 86.1% mortgage loans, 4.7% credit lines, 1.3% credit cards, 7.9% other.

The Retail Banking Line balance-sheet mortgage loans were PLN 23,158.6 million at the end of March 2009 (PLN 10,098.9 million at mBank, PLN 13,059.7 million at MultiBank). The balance-sheet mortgage loans were up by PLN 2,423.2 million in January-March 2009 (up by 11.7%; PLN 1,083.8 million at mBank, PLN 1,339.4 million at MultiBank).

Mortgage Loans to Retail Customers	Total	PLN	FX
Balance-sheet value (PLN B)	23.16	2.36	20.80
Average maturity (years)	23.49	20.70	23.93
Average value (PLN thou.)	278.96	208.01	290.21
Average LTV (%)	87.70%	55.73%	92.74%
NPL	0.37%	1.46%	0.25%

Cards

The number of credit cards issued by the end of Q1 2008 was 433.5 thousand (293.0 thousand at mBank, 140.5 thousand at MultiBank). The number of credit cards grew by 42.0 thousand year to date (up by 10.7%; 33.5 thousand at mBank, 8.5 thousand at MultiBank).

The number of debit cards issued by the end of March 2009 was 2,131.4 thousand (1,663.3 thousand at mBank, 468.1 thousand at MultiBank). The number of debit cards grew by 143.6 thousand in January-March 2009 (up by 7.2%; 118.7 thousand at mBank, 24.9 thousand at MultiBank).

According to data at the end of February 2009, the market share of the BRE Bank Retail Banking Line in credit cards was 4.7% by the amount of debt under cards.

Distribution Network

mBank

mBank's distribution network had 170 locations (68 mKiosks, 21 Financial Centres, 81 Partner mKiosks).

MultiBank

MultiBank's distribution network had 132 outlets (81 Financial Services Centres and 51 Partner Outlets including 49 Branches of the Future, both Financial Services Centres and Partner Outlets).

mBank in the Czech Republic and Slovakia

Customers

mBank in the Czech Republic and Slovakia had 293.9 thousand customers at the end of Q1 2009 (including 223.6 thousand at mBank CZ and 70.3 thousand at mBank SK). The number of customers grew by 49.9 thousand year to date (up by 20.4%; 38.2 thousand at mBank CZ, 11.7 thousand at mBank SK).

Accounts

mBank in the Czech Republic and Slovakia had 526.5 thousand accounts at 31 March 2009 (417.9 thousand at mBank CZ, 108.6 thousand at mBank SK). The number of accounts grew by 137.3 thousand in January-March 2009 (up by 35.3%; 118.9 thousand at mBank.cz, 18.4 thousand at mBank.sk).

Deposits

mBank in the Czech Republic and Slovakia had deposits at EUR 815.7 million at the end of March 2009 (EUR 612.3 million at mBank CZ, EUR 203.4 million at mBank SK). The balance-sheet deposits grew by EUR 19.7 million year to date (up by 2.5%; EUR 2.1 million at mBank CZ, EUR 17.6 million at mBank SK).

Loans

Balance-sheet loans stood at EUR 215.6 million at the end of 2009 (EUR 132.1 million at mBank CZ, EUR 83.5 million at mBank SK). Loans grew by EUR 34.6 million year to date (up by 19.1%; EUR 23.3 million at mBank CZ, EUR 11.3 million at mBank SK).

Cards

The number of credit cards issued by the end of Q1 2009 was 4.66 thousand (4.61 thousand at mBank CZ, 0.05 thousand at mBank SK).

The number of debit cards issued by the end of March 2009 was 352.4 thousand (268.8 thousand at mBank CZ, 83.6 thousand at mBank SK).

Private Banking

Customers

Private Banking had 7,144 customers at the end of March 2009, down by 2.7% (197 customers) year to date. Restructuring improved the quality of the customer base.

Loans

The loans of Private Banking customers reached PLN 524.8 million at the end of Q1 2009, up by PLN 46.0 million (9.6%) year to date.

Asset Management

Customers' assets under management invested via BRE PB (including deposits, asset management products and financial market products) totalled PLN 4,102.1 million at the end of March 2009, down by PLN 468.0 million (10.2%) year to date.

a) Banking Products

Funds in current accounts and term deposits totalled PLN 1,872.0 million at the end of March 2009, down by PLN 622.9 million (25.0%) year to date.

b) Asset Management & Wealth Management Products

Assets under management of the Asset Management Products Line totalled PLN 1,504.5 million at the end of March 2009, up by PLN 48.0 million (3.3%) year to date.

c) Financial Market Products

Investment totalled PLN 725.5 million at the end of March 2009, up by PLN 107.0 million (17.3%) year to date. The volume grew as a result of attractive yields of securities, compared to interest rates on term deposits.

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Corporates and Financial Markets

Financial Results

The Segment generated a profit before tax of PLN 14 million in Q1 2009, down by PLN 307 million year on year. A profit of PLN 137.7 million in Q1 2008 was attributable to a one-off transaction and the remaining decrease was largely caused by credit provisions, which were up by PLN 122 million.

The net interest income fell by 16% year on year, mainly due to a higher cost of funding of the Bank. At the same time, the other income items decreased: the net commission income was down by 2% and the trading income by 12.6%, mainly as a result of weaker conditions on the money and capital markets and less active trading by clients. It should be stressed that the Segment reported an increase of income QoQ, mainly in trading income.

The assets of Corporates and Financial Markets grew by 12.4% or PLN 5.8 billion in Q1 2009 while the liabilities of the Line grew by 34.3% or PLN 14.6 billion.

As the profit of the Corporates and Financial Markets Line of the Bank fell considerably, the contribution of the subsidiaries to the profit of the Line increased considerably to 44%, although the subsidiaries' profit before tax was down by PLN 42 million. The quarterly profit of the entities Intermarket Bank (affected by impairment costs), DI BRE and BRE Leasing decreased.

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

Corporates and Institutions

Financial Results

The sub-segment reported a loss of PLN 42.4 million in Q1 2009, mainly due to high credit provisions of PLN 127.7 million, up by PLN 122 million year on year. The sharp increase in provisions was mainly caused by provisions set up against derivative transactions (PLN 70.2 million).

The interest income grew by 1.7% while the other income items were down year on year due to the effects of the crisis in the financial markets.

The administrative costs were up modestly by 2.9% in 2009; considering the number of operational business offices added in 2008, the cost containment achieved in Q1 2009 proves a strict cost discipline and high productivity of operations.

Corporate Customers

BRE Bank acquired 448 new corporate customers in January-March 2009, of which 81% were K3 customers and 15% were K2 customers. The acquisition was down year on year due to raised parameters of the acquisition targets in terms of return on capital engaged in customer relations. The number of corporate customers totalled 13,081 companies at the end of March 2009, up by 646 companies year on year.

Corporate Banking Customers

	31.03.2008	*31.03.2009*	*Change 2008*
*K1**	948	960	+12
*K2**	3 770	3 883	+113
*K3**	7 717	8 238	+521
Total	12 435	13 081	+646

** 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) stood at PLN 13.8 billion at the end of March 2009, down by 13.2% quarter on quarter. The decrease was largely caused by reduced volumes of sell-buy-back transactions with financial institutions.

Deposits of enterprises were PLN 12.2 billion at the end of Q1 2009, down by 1.8% year on year. The total deposits of enterprises in the sector were up by 7.0% year on year (and down by 5.0% quarter on quarter). The market share of BRE Bank's deposits of enterprises was 8.6% at the end of March, compared to 9.1% in December 2008 and 9.3% at the end of March 2008.

Corporate Customers Loans

BRE Bank's corporate customers' loans (including loans to enterprises) were PLN 16.2 billion at the end of March 2009, up by 12.5% year on year (+3.2% QoQ).

Loans to enterprises were PLN 15.5 billion at the end of Q1 2009, up by 21.3% year on year (+6% QoQ). The total loans to enterprises in the sector were up by 25.5% year on year (+3.6% QoQ). The market share of BRE Bank's loans to enterprises was 6.5% at the end of March 2009, compared to 6.4% at the end of 2008.

Strategic Product Lines

Cash management

The cash management offer supports long-term customer relationships and helps to grow the volume of transactions involving the identification of payments and the number of customers using advanced cash management products. The number of *direct debits* processed in Q1 2009 was 616 thousand, up by almost 13% year on year. The number of *identifications of trade payments* grew dynamically: over 1.7 million transactions were processed in January-March 2009, up by 20.0% year on year. The number of customers using the most advanced bank account consolidation facilities grew by 22.7% year on year in Q1 2009; 422 customers were using Cash Pooling and Shared Balances services at the end of March 2009.

Banking Products with EU Financing

The sales of products related to EU financing were at over 27.4% of the total value of such product sold in all of 2008. The sales followed the start of application rounds for measures addressed to entrepreneurs under the Operational Programme – Innovative Economy (Measure 4.2, Measure 4.4, Measure 1.4/4.1).

Financial Instruments

The profit on the sales of financial instruments to corporate customers was almost PLN 82 million in Q1 2009, up by almost 58.8% year on year.

Proprietary Investments Portfolio

The portfolio of proprietary and mezzanine investments totalled PLN 239 million at cost at the end of Q1 2009, down by PLN 11.7 million year to date following the sale of a stake in Xtrade S.A.

BRE Bank Group Subsidiaries:

Dom Inwestycyjny BRE Banku (DI BRE)

DI BRE generated a profit before tax of PLN 5.1 million in Q1 2009 corresponding to annualised ROE of 57%. DI BRE strengthened its market position in all capital market segments. DI BRE remained the leader in options trading with a share exceeding 32.2% (v. 28.5% in 2008). It ranked as the second most active broker in the futures market after Q1 2009, reporting a market share of 14.7% (v. 11.8% in 2008). DI BRE also increased its share in equities trading: 7.0% of all transactions on the stock market in Q1 2009 were handled by it (compared to 5.4% in 2008).

BRE Corporate Finance (BRE CF)

This year, BRE CF offers advisory services to Polski Holding Farmaceutyczny SA (PHF SA) during the sale of Warszawskie Zakłady Farmaceutyczne Polfa SA and is currently preparing pre-privatisation studies of WZF Polfa SA.

In Q1 2009, BRE CF completed a project of introduction of shares of Wealth Bay SA to trading in the alternative trading system NewConnect organised by the Warsaw Stock Exchange. The shares were introduced to NewConnect trading on 12 March 2009.

Due to the deepening recession, BRE CF clients suspended and/or cancelled planned M&A transactions. As a result, BRE CF focused on winning smaller projects of corporate finance services including financial restructuring projects. In Q1 2009, BRE CF signed another two contracts to raise growth funding from EU funds for customers. In addition, in Q1 2009, BRE CF continued work on the introduction of shares of LW Bogdanka.

BRE CF's sales stood at PLN 1.1 million at the end of Q1 2009, compared to PLN 1.8 million in Q1 2008. The net loss was PLN 550.8 thousand, compared to a net loss of PLN 502.6 thousand in Q1 2008. The fall of BRE CF's income is a reflection of the market situation, in particular lack of a success fee in the absence of transactions in Q1 2009; a large part of income in Q1 2009 was generated by corporate finance projects.

BRE Bank Hipoteczny (BBH)

BBH's total credit portfolio stood at PLN 5.20 billion at the end of March 2009, up by 20.1% year on year. Its balance sheet total was up by 37.9% year on year and reached PLN 4.9 billion. Its profit before tax was PLN 10.3 million (compared to PLN 11.4 million at the end of March 2008). BBH's ROE was 13.2%, compared to 16.9% a year earlier. Its C/I was down from 45.3% in Q1 2008 to 44.1% in Q1 2009 thanks to cost savings initiatives put in place.

BRE Leasing

Leasing contracts executed by BRE Leasing in Q1 2009 totalled PLN 402 million (down by 56.9% quarter on quarter and down by 49.0% year on year). The sales fell due to diminished demand for leasing services. BRE Leasing generated a profit before tax of PLN 4.8 million in Q1 2009 (down by 54.2% year on year). The profit was down year on year due to lower sales and debt provisions resulting from the deteriorating macroeconomic situation.

Factoring – The Intermarket Group

The sales of the Intermarket Group companies totalled EUR 1.1 billion in Q1 2009, down by 17% year on year. The value of purchased invoices fell mainly due to less active business of factoring clients. The pre-tax loss of the Intermarket Group companies consolidated by BRE Bank was PLN 13.1 million, mainly due to Intermarket Bank AG's impairment write-off for its investment in Compania de Factoring IFN SA, Romania (EUR 3.7 million) where Intermarket Bank AG holds a 50% stake.

Polfactor, the subsidiary operating in Poland, reported sales at PLN 782 million, stable year on year. The profit before tax of Polfactor was PLN 2.5 million in Q1 2009, down by 18% year on year due to higher debt provisions resulting from the economic slow-down.

Trading and Investments

Financial Results

The business area generated a profit before tax of PLN 56.4 million in Q1 2009, compared to PLN 177.4 million in Q1 2008. The result in Q1 2008 was extraordinarily high due to a profit of PLN 137.7 million on the one-off transaction of the sale of Vectra SA. Consequently, the recurrent profit grew by 42% or PLN 16.7 million in Q1 2009.

The structure of the business lines results in Q1 2009 was dominated by the fx income, up by 66% or PLN 29.5 million year on year. The other trading income was affected by adverse market trends and was negative at PLN 28.4 million in Q1, mainly due to the negative valuation of securities and derivative transactions.

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

Market Position

BRE Bank ranks first in mid-term bank debt with a market share of 27.8%, third in mid-term corporate bonds with a market share of 19.7% and third in short-term debt with a market share of 13.7% (all data as at the end of March 2009).

The Bank remains very active in financial market trading: its share in interest rate derivatives was ca. 19.4% and in Treasury bonds and bills ca. 6.7%. Its share in fx spots and forwards was 6.9% and in WIG-20 index options ca. 15% (all data as at the end of February 2009).

Treasury

The Treasury Department manages the Bank's assets and liabilities and liquidity reserves portfolio and makes monetary market transactions. The liquidity reserves include variable and fixed-coupon Treasury bills and bonds.

The Bank's liquidity reserves portfolio was over PLN 6 billion on average in Q1 2009.

Asset Management

After 30 December 2008, the Group holds no shares of companies whose business was presented as discontinued operations in the previous periods. As a result since 1 January 2009 the Group has not been distinguishing such business line.

Quality of the Loans Portfolio

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

The default ratio for the risk portfolio under IAS 39 and IAS 37 was 2.3% at the end of Q1 2009, compared to 1.6% at the end of 2008 and 1.5% at the end of 2007.

The default ratio for the balance-sheet credit risk portfolio (credit receivables less interest) was 2.8% at the end of Q1 2009 (up from 2.1% at the end of 2008).

The main driver of the falling quality of the credit risk portfolio in Q1 2009 was significant growth in the default loans portfolio.

The absolute value of the default portfolio grew significantly in Q1 2009 (from PLN 992 million at the end of 2008 to PLN 1,449 million) due to the declining financial standing of customers and the resulting customer default rating.

The ratio of provisions to default credit exposure fell to 51.2% in Q1 2009 from 57.4% at the end of 2008 for the whole credit risk portfolio. The ratio for the balance-sheet portfolio was down from 62.0% (end of 2008) to 54.7%. The main reason for the decrease in the ratio was a positive estimation of repayment of new default exposures.

As the credit risk portfolio grew significantly while its quality declined, the impaired but not reported loss (IBNR) reserve for the non-default portfolio grew and was PLN 250 million at the end of Q1 2009, compared to PLN 211 million at the end of 2008.

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Consolidated Income Statement

	Note	Ist Quarter (current year) from 01.01.2009 to 31.03.2009	Ist Quarter (previous year) from 01.01.2008 to 31.03.2008
Continued operations			
Interest income		947 760	767 378
Interest expense		(550 657)	(451 498)
Net interest income	5	**397 103**	**315 880**
Fee and commission income		219 745	203 672
Fee and commission expense		(97 903)	(61 291)
Net fee and commission income	6	**121 842**	**142 381**
Net trading income, including:	8	122 991	135 075
Foreign exchange result		*152 142*	*129 340*
Other trading income		*(29 151)*	*5 735*
Gains less losses from investment securities	9	(16 606)	137 487
Other operating income	10	90 158	130 621
Impairment losses on loans and advances	11	(210 028)	(22 242)
Overhead costs	12	(300 610)	(301 406)
Amortization and depreciation		(58 526)	(45 496)
Other operating expenses	13	(43 003)	(77 888)
Operating profit		**103 321**	**414 412**
Share of profit (loss) of associates		-	-
Profit before income tax from continued operations		**103 321**	**414 412**
Income tax expense		(27 572)	(60 561)
Net profit from continued operations		**75 749**	**353 851**
Discontinued operations	19		
Profit before income tax from discontinued operations		**-**	**5 301**
Income tax expense		-	(1 111)
Net profit from discontinued operations		**-**	**4 190**
Net profit from continued and discontinued operations		**75 749**	**358 041**
Net profit from continued and discontinued operations, attributable to:			
- Owners of the parent		77 221	344 623
- Non-controlling interests		(1 472)	13 418
Net profit from continued operations attributable to Owners of the parent		**77 221**	**340 433**
Weighted average number of ordinary shares	14	**29 690 882**	**29 661 938**
Earnings on continued operations per 1 ordinary share (in PLN)	14	**2.60**	**11.48**
Weighted average number of ordinary shares for diluted earnings	14	**29 721 550**	**29 688 292**
Diluted earnings on continued operations per 1 ordinary share (in PLN)	14	**2.60**	**11.47**

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Consolidated Comprehensive Income

	Ist Quarter (current year) from 01.01.2009 to 31.03.2009	Ist Quarter (previous year) from 01.01.2008 to 31.03.2008
Financial result	**75 749**	**358 041**
Other comprehensive income after tax	**(48 480)**	**(144 142)**
Exchange differences on translating foreign operations (net)	20 566	(1 394)
Available-for-sale financial assets (net)	(69 046)	(142 748)
Total comprehensive income net of tax, total	**27 269**	**213 899**
Total comprehensive income (net), attributable to:		
- Owners of the parent	19 955	201 011
- Non-controlling interests	7 314	12 888

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

Consolidated Balance Sheet

	Note	31.03.2009	31.12.2008	31.03.2008
ASSETS				
Cash and balances with the Central Bank		2 984 242	2 512 333	562 541
Debt securities eligible for rediscounting at the Central Bank		8 784	9 238	16 807
Loans and advances to banks		3 814 387	6 104 093	6 248 471
Trading securities	15	1 487 220	4 624 621	3 987 946
Derivative financial instruments		5 395 595	5 632 872	2 177 548
Loans and advances to customers	16	56 160 290	52 142 477	37 231 333
Investment securities	17	6 427 358	5 502 312	4 854 943
- Available for sale		6 427 358	5 502 312	4 854 943
Non-current assets held for sale	19	-	-	355 220
Pledged assets	15, 17	2 375 692	3 445 281	2 951 421
Investments in associates		1 316	16 953	9 074
Intangible assets		433 401	438 452	406 919
Tangible fixed assets		812 882	814 469	685 919
Deferred income tax assets		326 634	327 558	121 008
Other assets		1 017 675	1 034 543	940 048
Total assets		**81 245 476**	**82 605 202**	**60 549 198**
EQUITY AND LIABILITIES				
Amounts due to the Central Bank		1 919 809	1 302 469	880 000
Amounts due to other banks		28 451 998	27 488 807	14 846 321
Derivative financial instruments and other trading liabilities		5 604 904	6 174 491	1 995 217
Amounts due to customers	18	35 299 820	37 750 027	33 582 262
Debt securities in issue		1 815 513	1 790 745	2 727 198
Subordinated liabilities		2 950 303	2 669 453	1 735 327
Other liabilities		951 618	996 280	969 602
Current income tax liabilities		402	218 807	32 840
Deferred income tax liabilities		926	81	21 593
Provisions		176 467	166 006	101 840
Liabilities held for sale	19	-	-	11 452
Total liabilities		**77 171 760**	**78 557 166**	**56 903 652**
Equity				
Equity attributable to owners of the parent		**3 912 860**	**3 894 452**	**3 510 995**
Share capital:		**1 521 683**	**1 521 683**	**1 517 872**
- Registered share capital		118 764	118 764	118 655
- Share premium		1 402 919	1 402 919	1 399 217
Retained earnings:		**2 662 811**	**2 587 137**	**2 062 531**
- Profit from the previous years		2 585 590	1 729 678	1 717 908
- Profit for the current year		77 221	857 459	344 623
Other components of equity		**(271 634)**	**(214 368)**	**(69 408)**
Non-controlling interests		**160 856**	**153 584**	**134 551**
Total equity		**4 073 716**	**4 048 036**	**3 645 546**
Total equity and liabilities		**81 245 476**	**82 605 202**	**60 549 198**
Capital adequacy ratio		**10.26**	**10.04**	**9.48**
Book value		**3 912 860**	**3 894 452**	**3 510 995**
Number of shares		**29 690 882**	**29 690 882**	**29 663 778**
Book value per share (in PLN)		**131.79**	**131.17**	**118.36**
Diluted number of shares		**29 721 550**	**29 711 586**	**29 690 132**
Diluted book value per share (in PLN)		**131.65**	**131.08**	**118.25**

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

Consolidated Statements of Changes in Equity

Changes in equity from 1 January 2009 to 31 March 2009

	Share capital		Retained earnings					Other components of 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	Exchange differences on translating foreign operations	Available for sale financial assets	Equity attributable to owners of the parent, total	Non-controlling interests	Total equity
Equity as at 1 January 2009	**118 764**	**1 402 919**	**971 541**	**43 495**	**613 310**	**958 791**	**-**	**(4 139)**	**(210 229)**	**3 894 452**	**153 584**	**4 048 036**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2009	**118 764**	**1 402 919**	**971 541**	**43 495**	**613 310**	**958 791**	**-**	**(4 139)**	**(210 229)**	**3 894 452**	**153 584**	**4 048 036**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**77 221**	**11 792**	**(69 058)**	**19 955**	**7 314**	**27 269**
Transfer to General Risk Fund	-	-	-	-	100 000	(100 000)	-	-	-	-	-	-
Transfer to reserve capital	-	-	-	16 837	-	(16 837)	-	-	-	-	-	-
Transfer to supplementary capital	-	-	749 240	-	-	(749 240)	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	(42)	(42)
Stock option program for employees	-	-	-	(1 547)	-	-	-	-	-	(1 547)	-	(1 547)
- value of services provided by the employees	-	-	-	*(1 547)*	-	-	-	-	-	*(1 547)*	-	*(1 547)*
Equity as at 31 March 2009	**118 764**	**1 402 919**	**1 720 781**	**58 785**	**713 310**	**92 714**	**77 221**	**7 653**	**(279 287)**	**3 912 860**	**160 856**	**4 073 716**

Changes in equity from 1 January 2008 to 31 December 2008

	Share capital		Retained earnings					Other components of 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	Exchange differences on translating foreign operations	Available for sale financial assets	Equity attributable to owners of the parent, total	Non-controlling interest	Total equity
Equity as at 1 January 2008	**118 643**	**1 398 789**	**322 262**	**22 288**	**559 110**	**829 215**	**-**	**(7 579)**	**81 783**	**3 324 511**	**116 812**	**3 441 323**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
- change in the scope of consolidation	-	-	-	-	-	(6 789)	-	-	-	(6 789)	-	(6 789)
- adjustment of errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2008	**118 643**	**1 398 789**	**322 262**	**22 288**	**559 110**	**822 426**	**-**	**(7 579)**	**81 783**	**3 317 722**	**116 812**	**3 434 534**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**857 459**	**3 440**	**(292 012)**	**568 887**	**42 014**	**610 901**
Dividends paid	-	-	-	-	-	-	-	-	-	-	(12 419)	(12 419)
Transfer to General Risk Fund	-	-	-	-	54 200	(54 200)	-	-	-	-	-	-
Transfer to reserve capital	-	-	-	10 440	-	(10 440)	-	-	-	-	-	-
Transfer to supplementary capital	-	-	653 929	-	-	(653 929)	-	-	-	-	-	-
Loss coverage with supplementary capital	-	-	(2 731)	-	-	2 731	-	-	-	-	-	-
Issue of shares	121	2 784	-	-	-	-	-	-	-	2 905	-	2 905
Additional shareholder payments	-	-	-	-	-	-	-	-	-	-	2	2
Change in the scope of consolidation	-	-	(1 919)	-	-	1 919	-	-	-	-	-	-
Other changes	-	-	-	-	-	(7 175)	-	-	-	(7 175)	7 175	-
Stock option program for employees	-	1 346	-	10 767	-	-	-	-	-	12 113	-	12 113
- value of services provided by the employees	-	-	-	*12 113*	-	-	-	-	-	*12 113*	-	*12 113*
- settlement of exercised options	-	*1 346*	-	*(1 346)*	-	-	-	-	-	-	-	-
Equity as at 31 December 2008	**118 764**	**1 402 919**	**971 541**	**43 495**	**613 310**	**101 332**	**857 459**	**(4 139)**	**(210 229)**	**3 894 452**	**153 584**	**4 048 036**

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

Changes in equity from 1 January 2008 to 31 March 2008

	Share capital		Retained earnings					Other components of 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**	**Exchange differences on translating foreign operations**	**Available for sale financial assets**	**Equity attributable to owners of the parent, total**	**Non-controlling interest**	**Total equity**
Equity as at 1 January 2008	**118 643**	**1 398 789**	**322 262**	**22 288**	**559 110**	**829 215**	**-**	**(7 579)**	**81 783**	**3 324 511**	**116 812**	**3 441 323**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
- change in the scope of consolidation	-	-	-	-	-	(6 789)	-	-	-	(6 789)	-	(6 789)
- adjustment of errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2008	**118 643**	**1 398 789**	**322 262**	**22 288**	**559 110**	**822 426**	**-**	**(7 579)**	**81 783**	**3 317 722**	**116 812**	**3 434 534**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**344 623**	**(864)**	**(142 748)**	**201 011**	**12 888**	**213 899**
Dividends paid	-	-	-	-	-	-	-	-	-	-	(3 186)	(3 186)
Transfer to General Risk Fund	-	-	-	-	50 000	(50 000)	-	-	-	-	-	-
Transfer to reserve capital	-	-	-	6 573	-	(6 573)	-	-	-	-	-	-
Transfer to supplementary capital	-	-	611 112	-	-	(611 112)	-	-	-	-	-	-
Issue of shares	12	287	-	-	-	-	-	-	-	299	-	299
Other changes	-	-	-	-	-	(8 037)	-	-	-	(8 037)	8 037	-
Stock option program for employees	-	141	-	(141)	-	-	-	-	-	-	-	-
- settlement of exercised options	-	*141*	-	*(141)*	-	-	-	-	-	-	-	-
Equity as at 31 March 2008	**118 655**	**1 399 217**	**933 374**	**28 720**	**609 110**	**146 704**	**344 623**	**(8 443)**	**(60 965)**	**3 510 995**	**134 551**	**3 645 546**

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

Consolidated Statement of Cash Flows

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
A. Cash flow from operating activities	**(2 234 126)**	**773 577**
Profit before income tax	**103 321**	**419 713**
Adjustments:	***(2 337 447)***	***353 864***
Income taxes paid (negative amount)	(241 764)	(137 476)
Amortisation	58 526	45 620
Foreign exchange (gains) losses	431 940	59 152
(Gains) losses on investing activities	(902)	(137 874)
Interest paid	512 111	349 369
Change in loans and advances to banks	199 089	(1 351 407)
Change in trading securities	3 233 497	1 220 175
Change in derivative financial instruments	237 277	95 090
Change in loans and advances to customers	(4 017 813)	(3 548 668)
Change in investment securities	(794 835)	1 280 757
Change in other assets	52 521	(76 939)
Change in amounts due to other banks	1 354 138	1 779 577
Change in other trading liabilities	(569 587)	(168 997)
Change in amounts due to customers	(2 807 693)	926 391
Change in debt securities in issue	46 768	(73 432)
Change in provisions	10 461	21 297
Change in other liabilities	(41 181)	71 229
Net cash from operating activities	**(2 234 126)**	**773 577**
B.Cash flows from investing activities	**(46 447)**	**202 208**
Investing activity inflows	**7 128**	**266 488**
Disposal of intangible assets and tangible fixed assets	7 128	2 453
Other investing inflows	-	264 035
Investing activity outflows	**53 575**	**64 280**
Purchase of intangible assets and tangible fixed assets	53 575	64 280
Net cash used in investing activities	**(46 447)**	**202 208**
C. Cash flows from financing activities	**(88 735)**	**1 477 133**
Financing activity inflows	**440 492**	**3 552 754**
Proceeds from loans and advances from other banks	179 492	2 145 339
Issue of debt securities	261 000	1 407 116
Issue of ordinary shares	-	299
Financing activity outflows	**529 227**	**2 075 621**
Repayments of loans and advances from other banks	73 222	446 201
Repayments of other loans and advances	12 307	3 749
Redemption of debt securities	283 000	1 534 900
Payments of financial lease liabilities	106	2 709
Dividends and other payments to shareholders	-	3 186
Other financing outflows	160 592	84 876
Net cash from financing activities	**(88 735)**	**1 477 133**
Net increase / decrease in cash and cash equivalents (A+B+C)	**(2 369 308)**	**2 452 918**
Increase / decrease in cash and cash equivalents in respect of foreign exchange gains and losses	(3 178)	(18 286)
Cash and cash equivalents at the beginning of the reporting period	8 693 728	7 516 362
Cash and cash equivalents at the end of the reporting period	**6 321 242**	**9 950 994**

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

BRE Bank SA Stand-alone Financial Statements

Income Statement

	Note	1st Quarter (current year) from 01.01.2009 to 31.03.2009	1st Quarter (previous year) from 01.01.2008 to 31.03.2008
Interest income		765 266	607 823
Interest expense		(438 873)	(356 002)
Net interest income		**326 393**	**251 821**
Fee and commission income		173 595	159 855
Fee and commission expense		(90 315)	(55 334)
Net fee and commission income		**83 280**	**104 521**
Dividend income		775	13 095
Net trading income, including:		116 906	130 010
Foreign exchange result		*144 782*	*125 634*
Other trading income		*(27 876)*	*4 376*
Gains less losses from investment securities		769	137 487
Other operating income		23 553	11 760
Impairment losses on loans and advances		(181 453)	(15 377)
Overhead costs		(232 064)	(234 734)
Amortization and depreciation		(45 693)	(35 141)
Other operating expenses		(5 274)	(5 104)
Operating profit		**87 192**	**358 338**
Profit before income tax		**87 192**	**358 338**
Income tax expense		(20 353)	(45 615)
Net profit		**66 839**	**312 723**

Net profit		**66 839**	**312 723**
Weighted average number of ordinary shares	**23**	**29 690 882**	**29 661 938**
Earnings per 1 ordinary share (in PLN)	**23**	**2.25**	**10.54**
Weighted average number of ordinary shares for diluted earnings	**23**	**29 721 550**	**29 688 292**
Diluted earnings per 1 ordinary share (in PLN)	**23**	**2.25**	**10.53**

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

Comprehensive income

	Ist Quarter (current year) from 01.01.2009 to 31.03.2009	Ist Quarter (previous year) from 01.01.2008 to 31.03.2008
Financial result	**66 839**	**312 723**
Other comprehensive income after tax	**(64 179)**	**(143 098)**
Exchange differences on translating foreign operations (net)	5 355	(342)
Available-for-sale financial assets (net)	(69 534)	(142 756)
Total comprehensive income net of tax, total	**2 660**	**169 625**

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

Balance Sheet

as at	31.03.2009	31.12.2008	31.03.2008
ASSETS			
Cash and balances with the Central Bank	2 974 393	2 491 851	547 360
Debt securities eligible for rediscounting at the Central Bank	8 784	9 238	16 807
Loans and advances to banks	3 868 643	6 065 581	6 307 237
Trading securities	1 809 222	4 969 212	4 276 766
Derivative financial instruments	5 362 167	5 612 313	2 165 208
Loans and advances to customers	45 667 072	42 257 165	29 767 871
Investment securities	6 444 752	5 498 171	4 818 712
- Available for sale	6 444 752	5 498 171	4 818 712
Non-current assets held for sale	-	-	335 819
Pledged assets	2 374 379	3 443 989	2 950 595
Investments in subsidiaries	463 742	457 305	451 758
Intangible assets	400 331	406 360	379 734
Tangible fixed assets	606 019	601 649	529 874
Deferred income tax assets	150 821	156 747	-
Other assets	314 400	385 811	324 421
Total assets	**70 444 725**	**72 355 392**	**52 872 162**
EQUITY AND LIABILITIES			
Amounts due to the Central Bank	1 919 809	1 302 469	880 000
Amounts due to other banks	20 737 885	20 142 760	10 271 965
Derivative financial instruments and other trading liabilities	5 642 590	6 211 316	2 015 117
Amounts due to customers	34 806 541	37 438 494	33 901 861
Debt securities in issue	7 952	7 829	37 016
Subordinated liabilities	2 950 303	2 669 453	1 735 327
Other liabilities	663 239	654 676	667 583
Current income tax liabilities	-	214 145	24 601
Provisions for deferred income tax	91	81	19 662
Provisions	91 055	90 022	68 974
Total liabilities	**66 819 465**	**68 731 245**	**49 622 106**
Equity			
Share capital	**1 521 683**	**1 521 683**	**1 517 872**
- Registered share capital	118 764	118 764	118 655
- Share premium	1 402 919	1 402 919	1 399 217
Retained earnings:	**2 389 059**	**2 323 767**	**1 796 051**
- Profit for the previous year	2 322 220	1 494 236	1 483 328
- Net profit for the current year	66 839	829 531	312 723
Other components of equity	**(285 482)**	**(221 303)**	**(63 867)**
Total equity	**3 625 260**	**3 624 147**	**3 250 056**
Total equity and liabilities	**70 444 725**	**72 355 392**	**52 872 162**
Capital adequacy ratio	**10.18**	**10.04**	**10.07**
Book value	**3 625 260**	**3 624 147**	**3 250 056**
Number of shares	**29 690 882**	**29 690 882**	**29 663 778**
Book value per share (in PLN)	**122.10**	**122.06**	**109.56**
Diluted number of shares	**29 721 550**	**29 711 586**	**29 690 132**
Diluted book value per share (in PLN)	**121.97**	**121.98**	**109.47**

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

Statements of Changes in Equity

Changes in equity from 1 January 2008 to 31 March 2009

	Share capital		Retained earnings					Other components of 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	Exchange differences on translating foreign operations	Available for sale financial assets	Total equity
Equity as at 1 January 2009	**118 764**	**1 402 919**	**874 123**	**12 113**	**608 000**	**829 531**	**-**	**(10 610)**	**(210 693)**	**3 624 147**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2009	**118 764**	**1 402 919**	**874 123**	**12 113**	**608 000**	**829 531**	**-**	**(10 610)**	**(210 693)**	**3 624 147**
Total income	**-**	**-**	**-**	**-**	**-**	**-**	**66 839**	**5 355**	**(69 534)**	**2 660**
Transfer to General Banking Risk Fund	-	-	-	-	100 000	(100 000)	-	-	-	-
Transfer to supplementary capital	-	-	729 531	-	-	(729 531)	-	-	-	-
Stock option program for employees	-	-	-	(1 547)	-	-	-	-	-	(1 547)
- value of services provided by the employees	-	-	-	*(1 547)*	-	-	-	-	-	*(1 547)*
Equity as at 31 March 2009	**118 764**	**1 402 919**	**1 603 654**	**10 566**	**708 000**	**-**	**66 839**	**(5 255)**	**(280 227)**	**3 625 260**

Changes in equity from 1 January 2008 to 31 December 2008

	Share capital		Retained earnings					Other components of 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	Exchange differences on translating foreign operations	Available for sale financial assets	Total equity
Equity as at 1 January 2008	**118 643**	**1 398 789**	**286 893**	**1 346**	**558 000**	**637 231**	**-**	**(2 552)**	**81 783**	**3 080 133**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2008	**118 643**	**1 398 789**	**286 893**	**1 346**	**558 000**	**637 231**	**-**	**(2 552)**	**81 783**	**3 080 133**
Total income	**-**	**-**	**-**	**-**	**-**	**-**	**829 531**	**(8 058)**	**(292 476)**	**528 997**
Transfer to General Banking Risk Fund	-	-	-	-	50 000	(50 000)	-	-	-	-
Transfer to supplementary capital	-	-	587 231	-	-	(587 231)	-	-	-	-
Issue of shares	121	2 784	-	-	-	-	-	-	-	2 905
Other changes	-	-	(1)	-	-	-	-	-	-	(1)
Stock option program for employees	-	1 346	-	10 767	-	-	-	-	-	12 113
- value of services provided by the employees	-	-	-	*12 113*	-	-	-	-	-	*12 113*
- settlement of exercised options	-	*1 346*	-	*(1 346)*	-	-	-	-	-	-
Equity as at 31 December 2008	**118 764**	**1 402 919**	**874 123**	**12 113**	**608 000**	**-**	**829 531**	**(10 610)**	**(210 693)**	**3 624 147**

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

Changes in equity from 1 January 2008 to 31 March 2008

	Share capital		Retained earnings					Other components of 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	Exchange differences on translating foreign operations	Available for sale financial assets	Total equity
Equity as at 1 January 2008	**118 643**	**1 398 789**	**286 893**	**1 346**	**558 000**	**637 231**	**-**	**(2 552)**	**81 783**	**3 080 133**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2008	**118 643**	**1 398 789**	**286 893**	**1 346**	**558 000**	**637 231**	**-**	**(2 552)**	**81 783**	**3 080 133**
Total income	**-**	**-**	**-**	**-**	**-**	**-**	**312 723**	**(342)**	**(142 756)**	**169 625**
Transfer to General Banking Risk Fund	-	-	-	-	50 000	(50 000)	-	-	-	-
Transfer to supplementary capital	-	-	587 231	-	-	(587 231)	-	-	-	-
Issue of shares	12	287	-	-	-	-	-	-	-	299
Other changes	-	-	(1)	-	-	-	-	-	-	(1)
Stock option program for employees	-	141	-	(141)	-	-	-	-	-	-
- settlement of exercised options	-	*141*	-	*(141)*	-	-	-	-	-	-
Equity as at 31 March 2008	**118 655**	**1 399 217**	**874 123**	**1 205**	**608 000**	**-**	**312 723**	**(2 894)**	**(60 973)**	**3 250 056**

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

Statement of Cash Flows

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
A. Cash flow from operating activities	**(2 218 197)**	**1 080 629**
Profit before income tax	**87 192**	**358 338**
Adjustments:	***(2 305 389)***	***722 291***
Income taxes paid (negative amount)	(229 708)	(118 387)
Amortisation	45 693	35 141
Foreign exchange (gains) losses	425 341	56 871
(Gains) losses on investing activities	(1 909)	(137 500)
Dividends received	(775)	(13 095)
Interest paid	515 186	352 319
Change in loans and advances to banks	37 972	(1 343 281)
Change in trading securities	3 257 236	1 232 181
Change in derivative financial instruments	250 146	98 637
Change in loans and advances to customers	(3 409 907)	(3 388 984)
Change in investment securities	(810 312)	1 148 662
Change in other assets	78 279	(82 679)
Change in amounts due to other banks	1 094 628	2 031 240
Change in financial instruments and other trading liabilities	(568 726)	(166 303)
Change in amounts due to customers	(2 999 981)	899 774
Change in debt securities in issue	123	206
Change in provisions	1 033	143
Change in other liabilities	10 292	117 346
Net cash from operating activities	**(2 218 197)**	**1 080 629**
B.Cash flows from investing activities	**(38 870)**	**242 069**
Investing activity inflows	**1 990**	**277 144**
Disposal of intangible assets and tangible fixed assets	1 215	15
Other investing inflows	775	277 129
Investing activity outflows	**40 860**	**35 075**
Acquisition of shares in subsidiaries	-	5
Purchase of intangible assets and tangible fixed assets	40 860	35 070
Net cash used in investing activities	**(38 870)**	**242 069**
C. Cash flows from financing activities	**(168 807)**	**1 067 877**
Financing activity inflows	**-**	**1 148 149**
Proceeds from loans and advances from other banks	-	1 147 850
Issue of ordinary shares	-	299
Financing activity outflows	**168 807**	**80 272**
Repayments of loans and advances from other banks	2 287	1 764
Repayments of other loans and advances	5 753	3 749
Payments of financial lease liabilities	1 089	2 657
Other financing outflows	159 678	72 102
Net cash from financing activities	**(168 807)**	**1 067 877**
Net increase / decrease in cash and cash equivalents (A+B+C)	**(2 425 874)**	**2 390 575**
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	(3 178)	(19 529)
Cash and cash equivalents at the beginning of the reporting period	8 513 263	7 508 153
Cash and cash equivalents at the end of the reporting period	**6 084 211**	**9 879 199**

Explanatory Notes to the Consolidated Financial Statements

1. Information Concerning the Group of BRE Bank SA

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

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

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

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

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

As at 31 March 2009, the BRE Bank SA Group covered by the Consolidated Financial Statements comprised the following companies:

BRE Bank SA; the parent entity

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

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

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

Foreign branches of mBank in both the Czech Republic and Slovakia conduct business under the retail banking umbrella of BRE Bank.

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

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

The average employment in the first quarter of 2009 was: in BRE Bank SA 5 666 persons and in the Group 7 398 persons (2007: the Bank 4 957, the Group 6 559).

Corporates and Financial Markets, including:

Corporates and Institutions

- BRE Bank Hipoteczny SA, subsidiary
- BRE Corporate Finance SA, subsidiary
- BRE Holding Sp. z o.o., subsidiary
- BRE Leasing Sp. z o.o., subsidiary
- Dom Inwestycyjny BRE Banku SA, subsidiary
- Intermarket Bank AG, subsidiary
- Magyar Factor zRt., subsidiary
- Polfactor SA, subsidiary
- Transfinance a.s., subsidiary

Trading and Investments

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

Retail Banking (including private banking)

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

Asset Management (discontinued operations Note 19)

Afterwards 30 December 2008 the Group has had no shares in the companies which activities were presented in previous periods as discontinued operations under asset management segment.

Detailed information concerning assets held for sale and discontinued operations was presented in financial statements of BRE Bank and consolidated financial statements of BRE Bank Group for the year 2008 published on 27 February 2009.

Information concerning assets held for sale and discontinued operations was presented under the Note 19 of these financial statements.

Remaining business

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

Other information concerning companies of the Group

The detailed description of the business of the companies of BRE Bank SA Group was presented in the Explanatory Notes to the Consolidated Financial Statement for 2008, published on 27 February 2009.

2. Description of Relevant Accounting Policies

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

2.1 Accounting Basis

These Consolidated Financial Statements of BRE Bank SA Group have been prepared for the 3 - month period ended 31 March 2009.

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

The Group, drafting BRE Bank SA Group Consolidated Financial Statements for the first quarter of 2009, applied the provisions of revised International Reporting Standard (IAS) 1 Presentation of Financial Statements, which has been binding from 1 January 2009. The revised IAS 1 was applied with reference to all reporting periods presented in financial statements.

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

2.2 Consolidation

Subsidiaries

Subsidiaries comprise any entities (including special purpose vehicles) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of a majority of the voting rights. When assessing whether the Group actually controls the given entity, the existence and impact of potential voting rights that are currently exercisable or convertible are considered. Subsidiary entities are subject to full consolidation from the date of acquisition of control over them by the Group. Their consolidation is discontinued from the date when control is not exercised any longer. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement (see Note 2.18).

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

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

The company also applies accounting policy in line with IFRS 3 for business combinations under common control.

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

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are settled using the equity method of accounting and they are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on the acquisition date (see Note 2.18).

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

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

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

No.	Company	31.03.2009 Share in voting rights (directly and indirectly)	Consolidation method	31.03.2008 Share in voting rights (directly and indirectly)	Consolidation method
1.	BRE Bank Hipoteczny SA	100%	full	100%	full
2.	BRE Corporate Finance SA	100%	full	100%	full
3.	BRE Holding Sp. z o.o.	100%	full	100%	full
4.	BRE Wealth Management SA	100%	full	100%	full
5.	BRE Ubezpieczenia TU SA	100%	full	100%	full
6.	BRE Ubezpieczenia Sp. z o.o.	100%	full	100%	full
7.	Centrum Rozliczeń i Informacji CERI Sp. z o.o.	100%	full	100%	full
8.	Dom Inwestycyjny BRE Banku SA	100%	full	100%	full
9.	emFinanse Sp. z o.o.	100%	full	100%	full
10.	Garbary Sp. z o.o.	100%	full	100%	full
11.	Tele-Tech Investment Sp. z o.o.	100%	full	100%	full
12.	BRE Finance France SA	99,98%	full	99,98%	full
13.	BRE.locum SA	79,99%	full	79,99%	full
14.	Polfactor SA	78,12%	full	78,12%	full
15.	Magyar Factor zRt.	78,12%	full	78,12%	full
16.	Transfinance a.s.	78,11%	full	78,11%	full
17.	Intermarket Bank AG	56,24%	full	56,24%	full
18.	BRE Leasing Sp. z o.o.	50,004%	full	50,004%	full
	PTE Skarbiec-Emerytura SA	-	-	100%	Non-current assets held for sale

2.3 Interest Income and Expenses

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

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

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

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

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

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

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

2.4 Fee and Commission Income

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

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

Additionally, fee and commission income on insurance activity comprises income on services provided by insurance agent and income on account of payments for arranging instalments for a premium for insurance products sold through the Internet platform. Payment on account of arranging instalments for a premium is recognised entirely at the policy issue date.

Income on account of services provided as an underwriter is recognised by reference to the stage of completion of the services in the net amount, after deduction of expenses (directly connected with the income) of services provided by the entities from outside of the Group.

2.5 Insurance premium revenue

Insurance premium revenue accomplished upon insurance activity is recognised at the policy issue date and calculated proportionally over the period of insurance protection. Insurance premium revenue is recognised under other operating income in the Consolidated Financial Statements of the Group.

2.6 Compensations and benefits, net

Compensations and benefits, net concern insurance activity. They comprise payoffs and charges made in the reporting period due to compensations and benefits for events arising in the current and previous periods, altogether with costs of liquidation of damages and costs of vindication of recourses, less received returns, recourses and any recoveries, including recoveries from sale of remains after damages and reduced by reinsurers' share in these positions. Costs of liquidation of damages and costs of vindication of recourses also comprise costs of legal proceedings. The item also comprises compensations and benefits due to co-insurance activity in the part related to the share of the Group. Compensations and benefits, net are recognised altogether with insurance premium revenue recognition under other operating income in the Consolidated Financial Statements of the Group.

2.7 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.

2.8 Financial Assets/Liabilities

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; financial assets held to maturity; financial assets available for sale. The classification of financial assets is determined by the Management at the time of their initial recognition.

<u>Financial assets valued at fair value through the profit and loss account</u>

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

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

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

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

If a contract contains one or more embedded derivatives, the Group designates the entire hybrid (combined) contract as a financial asset or financial liability at fair value through the Profit and Loss Account 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/ financial 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 properly managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

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

Interest income/expense on financial assets/financial liabilities designated at fair value, except for derivatives the recognition of which is discussed in the Note 2.15, is recognized in net interest income. The valuation and result on disposal of financial assets/financial liabilities designated at fair value is recognized in trading income.

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

<u>Loans and Receivables</u>

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

Held to Maturity Investments

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

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

In previous reporting period presented in these financial statements, the only assets held to maturity occured in PTE and they were recognised in the Balance Sheet, under the item "Non-current assets held for sale".

Available for Sale Investments

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

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

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

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

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

If the application of valuation techniques does not ensure obtaining a reliable fair value of investments in equity instruments not quoted on an active market they are stated at cost.
Investments in associates are initially recognized at cost and settled using the equity method of accounting.

2.9 Reinsurance assets

The Group transfers insurance risks to reinsurers in course of typical operating activities upon insurance activity. Reinsurance assets comprise primarily reinsurers' share in technical-insurance provisions.

The amounts of settlements with reinsurers are estimated according to relevant reinsured polices and reinsurance agreements.

Tests for impairment of reinsurance assets are carried out if there is objective evidence that the reinsurance asset is impaired. Impairment loss of reinsurance asset is calculated if either there is an objective evidence that the Group might not receive receivable in accordance with the agreement or the value of such impairment can be reliably assessed.

If in a subsequent period the impairment loss is decreasing and the decrease can be objectively related to an event occurring after the recognision of impairment, then the previously recognised impairment loss is reversed as an adjustment of the impairment loss through the Consolidated Profit and Loss Account.

The reversal cannot cause an increase of carrying amount of financial asset more than the amount which would constitute amortised cost of this asset on the reversal date if the recognition of impairment did not occur at all.

2.10 Offsetting Financial Instruments

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

2.11 Impairment of Financial Assets

Assets Carried at Amortised Cost

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

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

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

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

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

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

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

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

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

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

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

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

Assets Measured at Fair Value

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

Renegotiated agreements

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

2.12 Financial Guarantee Contracts

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

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

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

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

2.13 Cash and Cash Equivalents

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

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

2.14 Sell-buy-back, Buy-sell-back, Reverse Repo and Repo 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 and are recognised when the money is transferred.

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

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

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

Securities borrowed under "buy-sell-back" transactions and then lent under "sell-buy-back" transactions are not recognised as financial assets.

As a result of "sell-buy-back" transactions concluded on securities held by the Group, financial assets are transferred in such way that they do not qualify for derecognition. Thus, the Group retains substantially all risks and rewards of ownership of the financial assets.

2.15 Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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

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

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

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

Fair Value Hedges

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

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

Cash Flow Hedges

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

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

In case the hedging instrument has expired or has been sold, or 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) Cross Currency Interest Rate Swap (CIRS),
c) Currency options

2.16 Gains and Losses on Initial Recognition

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

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

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

2.17 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.

2.18 Intangible Assets

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

Goodwill

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

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

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

Computer software

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

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

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

Development costs

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

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

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

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

2.19 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

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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.

Accounting principles concerning assets held for liquidation or withdrawal from usage were described under Note 2.20.

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

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

Land and buildings consist mainly of branch outlets and offices. Residual values and estimated useful life periods are verified at each Balance Sheet date and adjusted accordingly as the need arises.

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

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

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

2.20 Non-Current Assets Held for Sale and Discontinued Operation

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

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

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

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

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

2.21 Deferred Income Tax

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

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

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

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

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

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

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

Deferred income tax for the Group is provided on assets or liabilities due to temporary differences arising from investments in subsidiaries and associates, except where, on the basis of any evidence, the timing of the reversal of the temporary difference is controlled by the Group and it is possible that the difference will not reverse in the foreseeable future.

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

2.22 Assets Repossessed for Debt

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

At subsequent measurement the initial amount is tested for impairment.

2.23 Prepayments, Accruals and Deferred Income

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

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

Deferred income comprises reinsurance and co-insurance commissions, resulting from insurance agreements included in reinsurance and co-insurance agreements, which subject to settlement over the period in the proportional part to the future reporting periods.

Acquisition costs in the part falling on the future reporting periods subject to settlement, proportionally to the duration of the relevant agreements.

2.24 Leasing

BRE Bank SA Group as a Lessor

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

BRE Bank SA Group as a Lessee

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

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

2.25 Provisions

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

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

Technical-insurance provisions for unpaid compensations, benefits and premiums concern insurance activity.

Provision for unpaid compensations and benefits is created in the amount of established or expected final value of future compensations and benefits connected with events before the reporting period date, including related liquidation costs.

Provision for unpaid compensations and benefits which were notified to the insurer and in relation to which the information held does not enable to assess the value of compensations and benefits is calculated using the lump sum method.

Provision for premiums is created individually for each insurance agreement as premium attributed, falling on subsequent reporting periods, proportionally to the period to which the premium was attributed on the daily basis. However, in case of insurance agreements which risk is not evenly apportioned in the period of duration of insurance, provision is created proportionally to the expected risk in subsequent reporting periods.

At each reporting date the Group tests for adequacy of technical-insurance provisions to ensure whether the provisions deducted by deferred acquisition costs are sufficient. The adequacy test is carried out using up-to-date estimates of cash flows arising from insurance agreements, including costs of liquidation of damages and polices-related costs.

If the assessment reveals that the technical-insurance provisions are insufficient in relation to estimated, future cash flows, then the whole disparity is promptly recognised in the Consolidated Profit and Loss Account through impairment of deferred acquisition costs or/and supplementary provisions.

2.26 Retirement Benefits and Other Employee Benefits

Retirement Benefits

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

Benefits Based on Shares

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

2.27 Equity

Equity consists of capital and own funds attributable to the Bank's equity holders, and minority interest created in compliance with the respective provisions of the law, i.e., the appropriate legislative acts, the By-laws or the Company Articles of Association.

Registered share capital

Share capital is presented at its nominal value, in accordance with the By-laws and with the entry in the business register.

a) Share Issue Costs

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

b) Dividends

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

c) Own Shares

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

Share premium

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

Revaluation reserve

Revaluation reserve is formed as a result of:

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

Retained earnings

Retained earnings include:

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

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

2.28 Valuation of Items Denominated in Foreign Currencies

Functional Currency and Presentation Currency

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

Transactions and Balances

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

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

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

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

Companies Belonging to the Group

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

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

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

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

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

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

Leasing Business

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

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

2.29 Trust and Fiduciary Activities

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

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

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

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

2.30 New Standards, Interpretations and Amendments to Published Standards

Changes in the published Standards and Interpretations that have come into force since 1 January 2009:

- IFRIC 13, Customer Loyalty Programmes, binding for annual periods starting on or after 1 July 2008
- IFRIC 15, Agreements for the Construction of Real Estate, binding for annual periods starting on or after 1 January 2009.
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation, binding for annual periods starting on or after 1 October 2008.
- IFRS 1 (Revised), First-Time Adoption of International Accounting Standards and IAS 27 (Revised), Consolidated and Separate Financial Statements, binding for annual periods starting on or after 1 January 2009.
- IFRS 2 (Revised), Share-based Payment, binding for annual periods starting on or after 1 January 2009.
- IFRS 7 (Revised) Financial Instruments: Disclosures, binding for annual periods starting on or after 1 January 2009.
- IFRS 8, Operating Segments, binding for annual periods starting on or after 1 January 2009.
- IAS 1 (Revised), Presentation of Financial Statements, binding for annual periods starting on or after 1 January 2009.
- IAS 23 (Revised), Borrowing Costs, binding for annual periods starting on or after 1 January 2009.
- IAS 32 (Revised), Financial Instruments: Presentation and IAS 1 (Revised), Presentation of Financial Statements-Puttable Financial Instruments and Obligation arising on Liquidation, binding for annual periods starting on or after 1 January 2009.

- Improvements to IFRS 2008 revising 20 standards, binding mostly for annual periods starting on 1 January 2009.

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

- IFRIC 17, Distribution of Non-Cash Assets to Owners, binding for annual periods starting after 1 July 2009.
- IFRIC 18, Transfers of Assets from Customers, binding for annual periods starting after 1 July 2009.
- IFRS 3 (Revised), Business Combinations, binding prospectively to business combinations for which the acquisition date is on or after 1 July 2009.
- IAS 27 (Revised), Consolidated and Separate Financial Statements, binding for annual periods starting after 1 July 2009.
- IAS 39 (Revised), Financial Instruments: Recognition and Measurement – criteria of qualification as hedged item, binding for annual periods starting on or after 1 July 2009.
- Embedded Derivatives, Amendments to IFRIC 9 and IAS 39, binding for annual periods ended after 30 June 2009.
- Improvements to IFRSs revising 12 standards, binding mostly for annual periods starting on 1 January 2010.

The following Standards, Interpretations and improvements to published Standards were not approved by the European Union at the date of publishing of financial statements: IAS 27 (revised), IAS 32 (revised), IAS 39 (revised), IFRS 1 (revised), IFRS 3 (revised), IFRIC 12, IFRIC 15, IFRIC 16, IFRIC 17 and IFRIC 18.

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.

The Group did not take the opportunity of reclassification of financial instruments to other categories based on amendment to IAS 39 and IFRS 7, binding since 1 July 2008.

2.31 Comparative Data

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

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

The restatement connected with modification of accounting for buy-sell-back and sell-buy-back transactions had no impact on the amounts of profit and equity in presented comparative data as at 31 March 2008.

Moreover, beginning from the financial statements for the fourth quarter of 2008 the Group included into consolidation two insurance companies: BRE Ubezpieczenia TU SA and BRE Ubezpieczenia Sp. z o.o. applying full consolidation method. In that connection the Group adjusted both financial data as at 31 March 2008, 30 June 2008 and 30 September 2008 and the opening balance sheet as at 1 January 2008 in order to provide comparability of financial data of the BRE Bank Group in particular quarters of 2008.

The following combinations present the impact of the restatements on comparative data for the Group and for the Bank presented in the consolidated financial statements.

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

Detailed restatements of the Consolidated Profit and Loss Account prepared for the period from 1 January to 31 March 2008 in connection with consolidation of the insurance companies for the first time.

	Ist quarter the period from 01.01.2008 to 31.03.2008 before adjustments	the impact of consolidation of the insurance entities	Ist quarter the period from 01.01.2008 to 31.03.2008 after adjustments
Continued operations			
Interest income	766 844	534	767 378
Interest expense	(451 498)	-	(451 498)
Net interest income	**315 346**	**534**	**315 880**
Fee and commission income	210 997	(7 325)	203 672
Fee and commission expense	(60 556)	(735)	(61 291)
Net fee and commission income	**150 441**	**(8 060)**	**142 381**
Net trading income, including:	135 107	(32)	135 075
Foreign exchange result	*129 340*	-	*129 340*
Other trading income	*5 767*	*(32)*	*5 735*
Gains less losses from investment securities	137 487	-	137 487
Other operating income	128 678	1 943	130 621
Impairment losses on loans and advances	(22 242)	-	(22 242)
Overhead costs	(299 286)	(2 120)	(301 406)
Amortization and depreciation	(45 415)	(81)	(45 496)
Other operating expenses	(77 839)	(49)	(77 888)
Operating profit	**422 277**	**(7 865)**	**414 412**
Profit before income tax from continued operations	**422 277**	**(7 865)**	**414 412**
Income tax expense	(62 223)	1 662	(60 561)
Net profit from continued operations	**360 054**	**(6 203)**	**353 851**
Discontinued operations			
Profit before income tax from discontinued operations	**5 301**	**-**	**5 301**
Income tax expense	(1 111)	-	(1 111)
Net profit from discontinued operations	**4 190**	**-**	**4 190**
Net profit from continued and discontinued operations	**364 244**	**(6 203)**	**358 041**
Net profit from continued and discontinued operations attributable to:			
- Owners of the parent	350 826	(6 203)	344 623
- Non-controlling interests	13 418	-	13 418

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

Detailed restatements of the Consolidated Balance Sheet prepared as at 31 March 2008 in connection with consolidation of the insurance companies for the first time and modification of accounting for buy-sell-back and sell-buy-back transactions:

	31.03.2008 before adjustments	the impact of consolidation of the insurance entities and modification of accounting for SBB/BSB	31.03.2008 after adjustments
ASSETS			
Cash and balances with the Central Bank	562 541	-	562 541
Debt securities eligible for rediscounting at the Central Bank	16 807	-	16 807
Loans and advances to banks	6 248 471	-	6 248 471
Trading securities	3 041 343	946 603	3 987 946
Derivative financial instruments	2 177 548	-	2 177 548
Loans and advances to customers	37 235 844	(4 511)	37 231 333
Investment securities	4 881 296	(26 353)	4 854 943
- Available for sale	4 881 296	(26 353)	4 854 943
Non-current assets held for sale	355 220	-	355 220
Pledged assets	3 948 271	(996 850)	2 951 421
Investments in associates	9 074	-	9 074
Intangible assets	404 739	2 180	406 919
Tangible fixed assets	684 785	1 134	685 919
Deferred income tax assets	116 698	4 310	121 008
Other assets	936 138	3 910	940 048
Total assets	**60 618 775**	**(69 577)**	**60 549 198**
EQUITY AND LIABILITIES			
Amounts due to the Central Bank	880 000	-	880 000
Amounts due to other banks	14 903 738	(57 417)	14 846 321
Derivative financial instruments and other trading liabilities	1 995 217	-	1 995 217
Amounts due to customers	33 614 315	(32 053)	33 582 262
Debt securities in issue	2 727 198	-	2 727 198
Subordinated liabilities	1 735 327	-	1 735 327
Other liabilities	959 297	10 305	969 602
Current income tax liabilities	32 840	-	32 840
Deferred income tax liabilities	21 188	405	21 593
Provisions	79 665	22 175	101 840
Liabilities held for sale	11 452	-	11 452
Total liabilities	**56 960 237**	**(56 585)**	**56 903 652**
Equity			
Equity attributable to owners of the parent	**3 523 987**	**(12 992)**	**3 510 995**
Share capital:	**1 517 872**	**-**	**1 517 872**
- Registered share capital	118 655	-	118 655
- Share premium	1 399 217	-	1 399 217
Retained earnings:	**2 075 523**	**(12 992)**	**2 062 531**
- Profit from the previous years	1 724 697	(6 789)	1 717 908
- Profit for the current year	350 826	(6 203)	344 623
Other components of egiuty	**(69 408)**	**-**	**(69 408)**
Non-controlling interests	**134 551**	**-**	**134 551**
Total equity	**3 658 538**	**(12 992)**	**3 645 546**
Total equity and liabilities	**60 618 775**	**(69 577)**	**60 549 198**
Capital adequacy ratio	**9.48**	**-**	**9.48**
Book value	**3 523 987**	**(12 992)**	**3 510 995**
Number of shares	**29 663 778**	**-**	**29 663 778**
Book value per share (in PLN)	**118.80**	**(0.44)**	**118.36**
Diluted number of shares	**29 690 132**	**-**	**29 690 132**
Diluted book value per share (in PLN)	**118.69**	**(0.44)**	**118.25**

Restatements of the Stand-alone Balance Sheet prepared as at 31 March 2008 in connection with modification of accounting for buy-sell-back and sell-buy-back transactions:

31.03.2008	31.03.2008 before adjustments	presentation adjustments	31.03.2008 after adjustments
Trading securities	3 353 523	923 243	4 276 766
Pledged assets	3 947 445	(996 850)	2 950 595
Amounts due to banks	10 329 382	(57 417)	10 271 965
Amounts due to customers	33 918 051	(16 190)	33 901 861
Total assets	52 945 769	(73 607)	52 872 162

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

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

Impairment of loans and advances

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

Fair value of derivative instruments

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

Impairment of equity securities available for sale

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

Impairment of debt instruments available for sale

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

Technical-insurance provisions

Provision for unpaid claims for damages which were raised to the insurer and in relation to which the information held does not enable to make an assessment of compensations and benefits, is calculated using a lump sum method. Values of lump sum-based ratios for particular risks were established on the basis of information concerning average value of loss arising from the given risk.

As at 31 March 2009 provision for losses arisen but not raised to the insurer (IBNR) yet, was calculated using Naive Loss Ratio ULR (Ultimate Loss Ratio) method which lies in establishing the value of loss on the only basis of expected loss-based ratio. The expected loss-based ratios are composed on the basis of available market studies concerning loss arising from given group of risks.

4. Business Segments

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

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

1) Retail Banking, including private banking services, current accounts for retail customers, savings accounts, deposits, investment products, trust and fiduciary services, credit and debit cards, consumer and mortgage loans, term deposits for retail customers as well as microenterprises, financial settlements, operations on bills of exchange, checks and guarantees issue.

The results of Retail Banking include the results of foreign branches of mBank: mBank Czech Republic and mBank Slovakia. The branches provide basic products such as current and savings accounts as well as cash loans and mortgage loans. The aim is to operate a full scope of services typical of retail banking.

Retail Banking also includes the results of BRE Wealth Management SA, emFinanse Sp. z o.o. as well as two insurance companies: BRE Ubezpieczenia TU SA and BRE Ubezpieczenia Sp. z o.o. BRE Wealth Management SA provides corporate finance advisory and complex asset management services for wealthy private banking clients. Until the second half of 2008 the company emFinanse operated on the market of financial agents and advisors, selling bank products. In June 2008 the restructuring process began in order to strengthen the sales network of BRE Bank Retail Banking products through the change of emFinanse outlets into a sales network of BRE Bank Retail Banking products. The restructuring process was definitely completed and nowadays the company continues its activity but in a limited scope (mBank Mobile). The core business of BRE Ubezpieczenia TU SA is insurance activity within the scope of the second division of underwriting – Other personal insurances and property insurances. The company sells its products both through the Internet platform produced in cooperation with retail branches of BRE Bank and typical products known as bancassurance for customers of BRE Bank by hand of an underwriter, the company BRE Ubezpieczenia Sp. z o.o. Apart from services of an underwriter, the business of BRE Ubezpieczenia Sp. z o.o. includes services within the scope of settlements due to insurance agreements of insured persons.

2) Corporates and Markets - consists of two sub-segments/business lines:

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

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

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

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

The Bank also benefits from capital gains on its own investments portfolio, including direct and indirect stakes acquired with the objective of high long-term yields. Apart from the specialized organizational unit of the Bank managing the long-term investment portfolio, the business line 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. This business line also includes the results of Garbary Sp. z o.o.

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

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

Proprietary investment also includes the results of BRE Finance France SA.

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

The Group has ceased to separate the segment "Asset Management – discontinued operations" since 1 January 2009. Till 31 December 2008 the segment included the result of the company PTE Skarbiec-Emerytura SA (PTE) generated up to 30 June 2008, when PTE Skarbiec Emerytura SA and Aegon PTE SA were merged. On 30 December 2008 the Bank sold the shares of Aegon PTE SA, which were taken over as a result of the merger of both companies. Results of the transations of merger and sale were also included in the results of this area as at 31 December 2008.

Detailed information concerning assets held for sale and discontinued operations which were presented by the Group in previous reporting periods were introduced under the Note 19 of these financial statements.

Beginning from the year 2009, as a result of organization changes consisting in transfering the Bank organization unit managing long-term investments from Investment to Corporate Banking, the Bank's income in the form of capital profit on own investments portfolio comprising the company's exposures in the companies Garbary Sp. z o.o. and Tele-Tech Investment Sp. z o.o. undertaken in order to reach high long-term rate of return is presented under the Corporates and Institutions sub-segment.

As a result, as starting from January 1, 2009 the operations of Garbary Sp. z o.o. and Tele-Tech Investment Sp. z o.o. have been reclassified from the sub-segment Trading and Investment Activity to Corporates and Institutions, the comparative data for Q1 2008 and the whole year 2008 concerning the business segments of BRE Bank Group has been adjusted accordingly to ensure the comparability of the data between reporting periods.

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

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

Allocation of funds to the Group companies and assigning them to particular business segments results in funding cost transfers. Interest charged for these funds is based on the Group's weighted average cost of capital and presented in operating income.

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

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

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

The business operations of particular companies of the Group are attributed entirely 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 01.01.2009 to 31.03.2009
(PLN'000)

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation)	Remaining Business	Eliminations	Group
	Corporates & Institutions	Trading & Investment Activity					
Net interest income	**162 613**	**(9 650)**	**244 438**	**-**	**(298)**	**-**	**397 103**
- sales to external clients	162 200	89 781	145 180	-	(58)	-	397 103
- sales to other segments	413	(99 431)	99 258	-	(240)	-	-
Net fee and commission income	**92 090**	**(3 076)**	**22 989**	**-**	**(410)**	**10 249**	**121 842**
- sales to external clients	88 300	(317)	24 020	-	(410)	10 249	121 842
- sales to other segments	3 790	(2 759)	(1 031)	-	-	-	-
Unallocated costs	-	-	-	-	-	-	-
Gross profit / (loss) of the segment	**(42 423)**	**56 425**	**74 017**	**-**	**16 266**	**(964)**	**103 321**
Profit on operating acitivities	-	-	-	-	-	-	103 321
Gross profit	**-**	**-**	**-**	**-**	**-**	**-**	**103 321**
Income tax	**-**	**-**	**-**	**-**	**-**	**-**	**(27 572)**
Net profit attributable to owners of the parent	**-**	**-**	**-**	**-**	**-**	**-**	**77 221**
Net profit attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(1 472)**
Assets of the segment	**31 122 887**	**21 167 218**	**30 478 657**	**-**	**1 108 063**	**(2 631 349)**	**81 245 476**
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**81 245 476**
Segment's liabilities	**48 628 134**	**8 668 203**	**21 060 582**	**-**	**788 446**	**(1 973 605)**	**77 171 760**
Total liabilities	-	-	-	-	-	-	77 171 760
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(23 873)	(1 877)	(27 395)	-	(1 360)	-	(54 505)
Amortisation/depreciation	(32 833)	(2 094)	(22 677)	-	(1 017)	95	(58 526)
Losses on credits and loans	(338 358)	(921)	(145 646)	-	-	-	(484 925)
Other costs/ income without cash outflows/ inflows*	7 350	130 764	(4)	-	13	-	138 123
- other non-cash costs	*(483)*	*(1 885 524)*	*(4)*	-	-	-	*(1 886 011)*
- other non-cash income	*7 833*	*2 016 288*	-	-	*13*	-	*2 024 134*

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

Business segment reporting on the activities of the BRE Bank Group
for the period from 01.01.2008 to 31.12.2008
(PLN'000)

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation)	Remaining Business	Eliminations	Group
	Corporates & Institutions	Trading & Investment Activity					
Net interest income	**652 320**	**94 487**	**680 076**	**(18 910)**	**(13 091)**	**-**	**1 394 882**
- sales to external clients	772 689	235 726	394 932	2 430	(10 895)	-	1 394 882
- sales to other segments	(120 369)	(141 239)	285 144	(21 340)	(2 196)	-	-
Net fee and commission income	**376 225**	**(23 696)**	**163 040**	**13 795**	**(1 795)**	**37 690**	**565 259**
- sales to external clients	353 561	(5 028)	167 036	13 795	(1 795)	37 690	565 259
- sales to other segments	22 664	(18 668)	(3 996)	-	-	-	-
Unallocated costs							
Gross profit / (loss) of the segment	**342 628**	**274 774**	**241 510**	**109 768**	**27 813**	**3 622**	**1 000 115**
Profit on operating acitivities	-	-	-	-	-	-	1 000 115
Gross profit	-	-	-	-	-	-	1 000 115
Income tax	-	-	-	-	-	-	(110 771)
Net profit attributable to owners of the parent	-	-	-	-	-	-	857 459
Net profit attributable to non-controlling interests	-	-	-	-	-	-	31 885
Assets of the segment	**29 270 216**	**27 720 755**	**27 276 331**	**-**	**981 556**	**(2 643 656)**	**82 605 202**
Total assets	-	-	-	-	-	-	82 605 202
Segment's liabilities	**44 576 787**	**13 473 269**	**21 980 940**	**-**	**531 864**	**(2 005 694)**	**78 557 166**
Total liabilities	-	-	-	-	-	-	78 557 166
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(201 599)	(11 273)	(145 769)	(764)	(18 824)	-	(378 229)
Amortisation/depreciation	(115 043)	(9 785)	(75 005)	(963)	(3 300)	376	(203 720)
Losses on credits and loans	(416 821)	(5 166)	(89 873)	-	(208)	-	(512 068)
Other costs/ income without cash outflows/ inflows*	-	(78 385)	(63 726)	-	(3)	-	(142 114)
- other non-cash costs	-	*(4 067 265)*	*(63 730)*	-	*(3)*	-	*(4 130 998)*
- other non-cash income	-	*3 988 880*	*4*	-	-	-	*3 988 884*

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

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

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation)	Remaining Business	Eliminations	Group
	Corporates & Institutions	Trading & Investment Activity					
Net interest income	**159 869**	**22 363**	**140 243**	**(3 400)**	**(2 128)**	**-**	**316 947**
- sales to external clients	187 511	38 573	91 207	1 067	(1 411)	-	316 947
- sales to other segments	(27 642)	(16 210)	49 036	(4 467)	(717)	-	-
Net fee and commission income	**97 307**	**(6 264)**	**42 934**	**6 704**	**(62)**	**8 466**	**149 085**
- sales to external clients	92 016	(1 875)	43 836	6 704	(62)	8 466	149 085
- sales to other segments	5 291	(4 389)	(902)	-	-	-	-
Unallocated costs	-	-	-	-	-	-	-
Gross profit / (loss) of the segment	**143 646**	**177 390**	**68 222**	**465**	**30 571**	**(581)**	**419 713**
Profit on operating acitivities	-	-	-	-	-	-	419 713
Gross profit	**-**	**-**	**-**	**-**	**-**	**-**	419 713
Income tax	**-**	**-**	**-**	**-**	**-**	**-**	(61 672)
Net profit attributable to owners of the parent	**-**	**-**	**-**	**-**	**-**	**-**	13 418
Net profit attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	344 623
Assets of the segment	**24 573 295**	**21 886 510**	**17 090 110**	**505 380**	**(31 728)**	**(3 474 369)**	**60 549 198**
Total assets	-	-	-	-	-	-	60 549 198
Segment's liabilities	**31 347 949**	**11 244 721**	**16 021 510**	**11 452**	**971 890**	**(2 693 870)**	**56 903 652**
Total liabilities							56 903 652
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(35 455)	(1 743)	(21 411)	(145)	(5 526)	-	(64 280)
Amortisation/depreciation	(24 648)	(2 306)	(17 081)	(260)	(805)	(520)	(45 620)
Losses on credits and loans	(60 380)	(801)	(11 205)	-	(16)	-	(72 402)
Other costs/ income without cash outflows/ inflows*	-	(17 748)	-	(1)	-	-	(17 749)
- other non-cash costs	-	(569 756)	-	(1)	-	-	(569 757)
- other non-cash income	-	552 008	-	-	-	-	552 008

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

IFRS Consolidated Financial Statements for the first quarter of 2009 PLN (000's)

5. Net Interest Income

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Interest income		
Loans and advances including the unwind of the impairment provision discount	706 402	565 445
Cash and short-term placements	75 907	69 334
Investment securities	117 674	66 547
Trading debt securities	42 919	57 781
Other	4 858	8 271
	947 760	**767 378**
Interest expense		
Arising from amounts due to banks and customers	(499 914)	(387 961)
Arising from issue of debt securities	(30 608)	(44 650)
Other borrowed funds	(19 433)	(18 069)
Other	(702)	(818)
	(550 657)	**(451 498)**

Interest income related to financial assets which have been impaired amounted to PLN 19 894 thousand (2008: PLN 4 643 thousand).

6. Net Fee and Commission Income

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Fee and commission income		
Credit activity-related fees and commissions	51 716	37 828
Commissions from payment cards	63 322	42 802
Commissions from insurance activity	13 574	18 000
Fees from brokerage activity	20 077	29 654
Commissions from money transfers	17 401	18 117
Commissions from bank accounts	20 100	15 014
Commissions due to guarantees granted and trade finance commissions	11 004	9 489
Commissions on trust and fiduciary activities	2 313	2 847
Fees from portfolio management services and other management-related fees	1 864	2 153
Other	18 374	27 768
	219 745	**203 672**
Fee and commission expense		
Payment cards-related fees	(39 489)	(29 229)
Discharged brokerage fees	(6 314)	(7 347)
Insurance activity-related fees	(3 800)	(735)
Other discharged fees	(48 300)	(23 980)
	(97 903)	**(61 291)**

The amount of other discharged fees comprises primarily commissions paid to external entities for sale of the Bank products.

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Fee and commission income from insurance contracts		
- Income from insurance policies administration	3 180	1 014
- Income from insurance intermediation	10 394	16 986
Total fee and commission income	**13 574**	**18 000**

7. Dividend Income

As at 31 March 2009 and 31 March 2008 dividend income which was received by the Group referred to companies consolidated and it was eliminated on consolidation.

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8. Net Trading Income

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Foreign exchange result	**152 142**	**129 340**
Net exchange differences on translating foreign operations	(680 698)	133 808
Net transaction gains and losses	832 840	(4 468)
Other net trading income	**(29 151)**	**5 735**
Interest-bearing instruments	(22 872)	4 068
Equities	(186)	(514)
Market risk instruments	(6 093)	2 181
Total net trading income	**122 991**	**135 075**

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

9. Gains less Losses from Investment Securities

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Sale/redemption of the financial assets available for sale by the issuer	531	137 487
Impairment of available for sale equity securities	(17 137)	-
Total gains and losses from investment securities	**(16 606)**	**137 487**

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

10. Other Operating Income

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Income from sale or liquidation of tangible fixed assets and intangible assets and assets held for disposal	41 556	108 010
Income due to release of provisions for future commitments	16 123	598
Income from insurance activity net	12 005	1 943
Income from services provided	10 922	12 713
Income from compensations, penalties and fines received	454	26
Income from recovering receivables designated previously as prescribed, remitted and uncollectible	353	4 230
Other	8 745	3 101
Total other operating income	**90 158**	**130 621**

Income from sale or liquidation of tangible fixed assets, intangible assets as well as assets held for disposal comprises primarily income of the company BRE.locum from developer activity.

Income from services provided concerns non-banking services.

Income from insurance activity net comprises income from premiums, reinsurance and co-insurance activity, deducted by compensations disbursed and costs of liquidation and adjusted by the changes in provisions for compensations connected with insurance activity conducted within BRE Bank SA Group.

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Income from insurance activity net generated in the first quarter of 2009 and the first quarter 2008 is presented below.

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Income from premiums		
- Premiums attributable	29 568	19 811
- Change in provision for premiums	(5 999)	(14 743)
Premium revenue	**23 569**	**5 068**
Reinsurance contracts		
- Premiums attributable	(9 273)	(3 825)
- Change in provision for premiums	594	1 168
Premiums on reinsurer's share	**(8 679)**	**(2 657)**
Net premiums	**14 890**	**2 411**
Compensations and benefits		
- Compensations and benefits paid out in the current year including costs of liquidation before tax	(2 916)	(1 515)
- Change in provision for compensations and benefits paid out in the current year including costs of liquidation before tax	(5 872)	(559)
- Compensations and benefits paid out in the current year including reinsurer's share of costs of liquidation	2 447	1 353
- Change in provision for compensations and benefits paid out in the current year including reinsurer's share of costs of liquidation	3 145	547
Compensations and benefits net	**(3 196)**	**(174)**
- Other costs on own share	(219)	(296)
- Other operating income	530	2
Income from insurance activity net, total	**12 005**	**1 943**

11. Impairment Losses on Loans and Advances

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Impairment losses on amounts due from other banks	(6 111)	(790)
Impairment losses on off-balance sheet contingent liabilities due to other banks	85	-
Impairment losses on loans and advances to customers	(202 402)	(19 922)
Impairment losses on off-balance sheet contingent liabilities due to customers	(1 600)	(1 530)
Total impairment losses on loans and advances	**(210 028)**	**(22 242)**

12. Overhead Costs

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Staff-related expenses (Note 12A)	(163 329)	(169 697)
Material costs	(121 602)	(121 407)
Taxes and fees	(6 829)	(5 610)
Contributions and transfers to the Bank Guarantee Fund	(6 310)	(1 949)
Contributions to the Social Benefits Fund	(1 160)	(1 422)
Other	(1 380)	(1 321)
Total overhead costs	**(300 610)**	**(301 406)**

Staff-related Expenses (12A)

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Wages and salaries	(127 732)	(139 274)
Social security expenses	(23 186)	(22 894)
Pension fund expenses	(382)	(803)
Salaries settled in the form of employee share options	(3 481)	-
Other staff expenses	(8 548)	(6 726)
Staff-related expenses, total	**(163 329)**	**(169 697)**

The average level of employment in the Group in the first quarter of 2008 was 7 398 persons (6 559 persons in the first quarter of 2008).

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13. Other Operating Expenses

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Costs of sale or liquidation of tangible fixed assets, intangible assets and assets held for disposal	(31 792)	(71 156)
Receivables and liabilities recognised as prescribed, remitted and uncollectible	(2 405)	(209)
Donations made	(2 766)	(3 264)
Costs of sale of services	(386)	(493)
Compensation, penalties and fines paid	(199)	(24)
Impairment provisions created for other receivables (excluding loans and advances)	(86)	(544)
Other operating costs	(5 369)	(2 198)
Total other operating expenses	**(43 003)**	**(77 888)**

Costs of sale or liquidation of tangible fixed assets, intangible assets and assets held for disposal comprise primarily BRE.locum's income from developer activity.

Costs of sale of services concern non-banking services.

14. Earnings per Share

Earnings per share for 3 months – continued operations

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Basic:		
Net profit from continued operations attributable to the Bank's equity holders	77 221	340 433
Weighted average number of ordinary shares	29 690 882	29 661 938
Net basic profit per share (in PLN per share)	**2.60**	**11.48**
Diluted:		
Net profit from continued operations attributable to the Bank's equity holders, applied for calculation of diluted earnings per share	77 221	340 433
Weighted average number of ordinary shares	29 690 882	29 661 938
Adjustments for:		
- stock options for employees	30 668	26 354
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 721 550	29 688 292
Diluted earnings per share (in PLN per share)	**2.60**	**11.47**

Earnings per share for 3 months – continued and discontinued operations

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Basic:		
Net profit from continued and discontinued operations attributable to the Bank's equity holders	77 221	344 623
Weighted average number of ordinary shares	29 690 882	29 661 938
Net basic profit per share (in PLN per share)	**2.60**	**11.62**
Diluted:		
Net profit from continued and discontinued operations attributable to the Bank's equity holders, applied for calculation of diluted earnings per share	77 221	344 623
Weighted average number of ordinary shares	29 690 882	29 661 938
Adjustments for:	-	-
- stock options for employees	30 668	26 354
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 721 550	29 688 292
Diluted earnings per share (in PLN per share)	**2.60**	**11.61**

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15. Trading Securities and Pledged Assets

	31.03.2009	31.12.2008	31.03.2008
Debt securities:	**1 725 227**	**5 713 217**	**6 844 272**
Government bonds included in cash equivalents and pledged government bonds (sell-buy-back transactions), including:	466 982	836 767	5 798 231
- pledged government bonds (sell-buy-back transactions)	244 868	716 356	2 870 647
Other government bonds	39 690	-	-
Treasury bills included in cash equivalents and pledged treasury bills (sell-buy-back transactions), including:	451 351	874 579	14 414
- pledged treasury bills (sell-buy-back transactions)	2 497	380 428	-
Other debt securities:	767 204	4 001 871	1 031 627
Equity securities:	**9 358**	**8 188**	**14 321**
- listed	9 358	8 188	14321
Debt and equity securities, including:	**1 734 585**	**5 721 405**	**6 858 593**
- Trading securities	*1 487 220*	*4 624 621*	*3 987 946*
- Pledged assets	*247 365*	*1 096 784*	*2 870 647*

The note above includes neither Treasury bills, government bonds pledged under the Bank Guarantee Fund in the amount of PLN 244 747 thousand (31 December 2008: PLN 176 592 thousand, 31 March 2008: PLN 80 774 thousand) nor investment government bonds, pledged in sell-buy-back transactions, in the amount of PLN 1 883 579 thousand (31 December 2008: PLN 2 171 905 thousand, 31 March 2008: PLN 0), which have been classified as investment securities (Note 17).

16. Loans and Advances to Customers

	31.03.2009	31.12.2008	31.03.2008
Loans and advances to individuals	29 481 043	26 653 688	15 204 003
Loans and advances to corporate entities	26 574 211	25 016 257	21 750 284
Loans and advances to public sector	655 299	663 580	602 946
Other receivables	539 594	668 684	338 121
Total (gross) loans and advances to customers	**57 250 147**	**53 002 209**	**37 895 354**
Provisions for loans and advances to customers (negative amount)	(1 089 857)	(859 732)	(664 021)
Total (net) loans and advances to customers	**56 160 290**	**52 142 477**	**37 231 333**
Short-term (up to 1 year)	16 746 514	16 241 124	12 588 601
Long-term (over 1 year)	39 413 776	35 901 353	24 642 732

The Group presents loans to microenterprises supported by retail banking of BRE Bank (mBank and MultiBank) under the item - loans and advances to individuals. Loans to microenterprises in presented reporting periods amount to respectively: 31 March 2009 – PLN 2 271 200 thousand, 31 December 2008 – PLN 1 971 300 thousand, 31 March 2008 – PLN 1 324 700 thousand.

17. Investment Securities and Pledged Assets

	31.03.2009	31.12.2008	31.03.2008
Debt securities	**8 459 307**	**7 754 415**	**4 838 514**
Listed, including:	8 398 817	7 702 443	4 773 426
- pledged government bonds (sell-buy-back transactions)	1 883 580	2 171 905	-
- government bonds pledged under the Bank Guarantee Fund	224 264	175 300	-
- Treasury bills pledged under the Bank Guarantee Fund	20 483	1 292	80 774
Unlisted	60 490	51 972	65 088
Equity securities	**96 378**	**96 394**	**97 203**
- listed	7 769	7 958	9 045
- unlisted	88 609	88 436	88 158
Total investment securities and pledged assets, including:	**8 555 685**	**7 850 809**	**4 935 717**
- Available for sale securities	*6 427 358*	*5 502 312*	*4 854 943*
- Pledged assets	*2 128 327*	*2 348 497*	*80 774*
Short-term (up to 1 year)	2 467 394	1 545 996	1 789 216
Long-term (over 1 year)	6 088 291	6 304 813	3 146 501

The above presented equity securities, valued at fair value, include provisions for impairment in the amount of PLN 20 941 thousand as at 31 March 2009 (31 December 2008: PLN 20 941 thousand, 31 March 2008: PLN 29 077 thousand).

The above indicated note comprises government bonds and treasury bills pledged under the Bank Guarantee Fund and pledged investment government bonds (sell-buy-back transactions), which are presented in the Balance Sheet in a separate position "Pledged assets".

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18. Amounts due to Customers

	31.03.2009	31.12.2008	31.03.2008
Individual customers	20 085 364	21 047 662	15 231 191
Corporate customers	14 832 831	16 626 162	18 130 900
Public sector customers	381 625	76 203	220 171
Total amounts due to customers	**35 299 820**	**37 750 027**	**33 582 262**
Short-term (up to 1 year)	34 555 726	37 079 660	32 768 499
Long-term (over 1 year)	744 094	670 367	813 763

The Group presents amounts due to microenterprises supported by Retail Banking of BRE Bank (mBank and MultiBank) under the item – amounts due to individuals. The value of commitments due to current accounts as well as commitments due to term deposits taken from microenterprises in presented reporting periods amounts to: 31 March 2009 – PLN 1 328 200 thousand, 31 December 2008 – PLN 1 550 900 thousand, 31 March 2008 – PLN 1 205 000 thousand.

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

Beginning from 30 December 2008 the Group has had no shares in the companies whose activities were presented in previous periods as discontinued operations under asset management segment.

Detailed information concerning assets held for sale and discontinued operations were presented in BRE Bank financial statements and BRE Bank Group consolidated financial statements for the year 2008, published on 27 February 2009.

Financial data presented below concern non-current assets (disposal groups) held for sale and discontinued operations in reporting periods presented in financial statements.

Financial data concerning balance sheet positions connected with the assets held for sale.

	31.03.2009	31.12.2008	31.03.2008
Assets held for sale, including:			
Loans and advances to banks	-	-	10 693
Investment securities	-	-	83 334
- held to maturity	-	-	83 334
Intangible assets (including goodwill)	-	-	221 004
Tangible fixed assets	-	-	1 218
Deferred income tax assets	-	-	428
Other assets	-	-	38 543
Total assets held for sale	**-**	**-**	**355 220**

	31.03.2009	31.12.2008	31.03.2008
Liabilities held for sale, including:			
Other liabilities	-	-	9 773
Provisions	-	-	1 679
Total liabilities held for sale	**-**	**-**	**11 452**

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Financial data concerning Profit and Loss Account items related to assets held for sale and discontinued operations:

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Interest income	-	1 067
Net interest income	**-**	**1 067**
Fee and commission income	-	12 108
Fee and commission expense	-	(5 404)
Net fee and commission income	**-**	**6 704**
Net trading income, including:	-	(1)
Foreign exchange result	*-*	*(1)*
Other operating income	-	9
Overhead costs	-	(2 336)
Amortization and depreciation	-	(124)
Other operating expenses	-	(18)
Operating profit	**-**	**5 301**
Profit before income tax from discontinued operations	**-**	**5 301**
Income tax expense	-	(1 111)
Net profit from discontinued operations	**-**	**4 190**
Net profit from discontinued operations, attributable to:		
- Owners of the parent	-	4 190
- Non-controlling interests	-	-

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

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Cash flow from operating activities	-	-
Cash flows from investing activities	-	(4 075)
including sale of assets held for sale	*-*	*2*

Earnings per share for 3 months – discontinued operations

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Basic:		
Net profit from discontinued operations attributable to the Bank's equity holders	-	4 190
Weighted average number of ordinary shares	-	29 661 938
Net basic profit per share (in PLN per share)	**-**	**0.14**
Diluted:		
Net profit from discontinued operations attributable to the Bank's equity holders, applied for calculation of diluted earnings per share	-	4 190
Weighted average number of ordinary shares	-	29 661 938
Adjustments for:		
- stock options for employees	-	26 354
Weighted average number of ordinary shares for calculation of diluted earnings per share	-	29 688 292
Diluted earnings per share (in PLN per share)	**-**	**0.14**

Selected explanatory information

1. Compliance with International Financial Reporting Standards

The presented concise report for the first quarter of 2009 fulfills the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" relating to the interim financial reports.

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

A detailed description of the accounting policy principles of the Group are presented under items 2 and 3 of the Notes to the Consolidated Financial Statements for the first quarter of 2009. The accounting policies were applied consistently over all of the periods presented in the financial statements.

3. Seasonal or cyclical nature of the business

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

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

The above indicated events did not occur in the Group.

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

In the first quarter of 2009 there were no significant changes in estimate values of items presented in the previous rotary periods.

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

In the first quarter of 2009 BRE Bank Hipoteczny issued bonds in the amount of PLN 261 000 thousand. In the same period, the company redeemed bonds in the amount of PLN 283 000 thousand.

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

Pursuant to the resolution on profit distribution for the year 2008, adopted on 16 March 2009 by the 22nd Ordinary General Shareholders Meeting of BRE Bank SA, no dividend for 2008 was paid.

8. Income and profit by business segment

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

9. Significant events after the end of the first quarter of 2009, which were not reflected in the financial statement

The above indicated events did not occur in the Group.

10. The effect of changes in the structure of the entity in the first quarter of 2009, including business combinations, acquisitions or disposal of subsidiaries, long-term investments, restructuring, and discontinuation of business activities

The above indicated events had no significant impact on the Group.

11. Changes in contingent liabilities and commitments

In the first quarter of 2009 there were no changes in contingent liabilities and commitments of a credit nature, i.e., guarantees, letters of credit or unutilised loan amounts, other than resulting from current operating activities of the Group. There was no single case of granting of guarantees or any other contingent liability of any material value for the Group.

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

The above indicated events did not occur in the Group.

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

In the first quarter of 2009, no significant impairment write-offs were recorded in relation to any tangible fixed assets or intangible assets nor were any significant reversals on such account recorded in the Group.

14. Reversals of provisions against restructuring costs

The above indicated events did not occur in the Group.

15. Acquisitions and disposals of tangible fixed asset items

In the first quarter of 2009, there were no material transactions of acquisition or disposal of any tangible fixed assets, with the exception of typical lease and developer operations that are performed by the companies of the Group.

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

The above indicated events did not occur in the Group.

17. Corrections of errors from previous reporting periods

In the first quarter of 2009, there were no corrections of errors from previous reporting periods.

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

The above indicated events did not occur in the Group.

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

BRE Bank did not publish a performance forecast for the year 2009. The description of the business strategy and goals of the Bank published in current report no. 25/2007 is not a performance forecast in the sense of § 5.1.25 of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic reports published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws from 2009, No. 33, item 259).

20. Registered share capital

The total number of ordinary shares as at 31 March 2009 was 29 690 882 shares (29 663 778 as at 31 December 2008) with PLN 4 nominal value each (PLN 4 in 2008). All issued shares were fully paid.

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REGISTERED SHARE CAPITAL (THE STRUCTURE)

Series / issue	Share type	Type of privilege	Type of limitation	Number of shares	Series / issue value	Paid up	Registered on	Dividend right since
11-12-86	ordinary bearer**	-	-	9 972 500	39 890 000	fully paid up in cash	23-12-86	01-01-89
11-12-86	ordinary registered**	-	-	27 500	110 000	fully paid up in cash	23-12-86	01-01-89
20-10-93	ordinary bearer	-	-	2 500 000	10 000 000	fully paid up in cash	04-03-94	01-01-94
18-10-94	ordinary bearer	-	-	2 000 000	8 000 000	fully paid up in cash	17-02-95	01-01-95
28-05-97	ordinary bearer	-	-	4 500 000	18 000 000	fully paid up in cash	10-10-97	10-10-97
27-05-98	ordinary bearer	-	-	3 800 000	15 200 000	fully paid up in cash	20-08-98	01-01-99
24-05-00	ordinary bearer	-	-	170 500	682 000	fully paid up in cash	15-09-00	01-01-01
21-04-04	ordinary bearer	-	-	5 742 625	22 970 500	fully paid up in cash	30-06-04	01-01-04
21-05-03	ordinary bearer	-	-	2 355	9 420	fully paid up in cash	05-07-05*	01-01-05
21-05-03	ordinary bearer	-	-	11 400	45 600	fully paid up in cash	05-07-05*	01-01-05
21-05-03	ordinary bearer	-	-	37 164	148 656	fully paid up in cash	11-08-05*	01-01-05
21-05-03	ordinary bearer	-	-	44 194	176 776	fully paid up in cash	09-09-05*	01-01-05
21-05-03	ordinary bearer	-	-	60 670	242 680	fully paid up in cash	18-10-05*	01-01-05
21-05-03	ordinary bearer	-	-	13 520	54 080	fully paid up in cash	12-10-05*	01-01-05
21-05-03	ordinary bearer	-	-	4 815	19 260	fully paid up in cash	14-11-05*	01-01-05
21-05-03	ordinary bearer	-	-	28 580	114 320	fully paid up in cash	14-11-05*	01-01-05
21-05-03	ordinary bearer	-	-	53 399	213 596	fully paid up in cash	08-12-05*	01-01-05
21-05-03	ordinary bearer	-	-	14 750	59 000	fully paid up in cash	08-12-05*	01-01-05
21-05-03	ordinary bearer	-	-	53 320	213 280	fully paid up in cash	10-01-06*	10-01-06*
21-05-03	ordinary bearer	-	-	3 040	12 160	fully paid up in cash	10-01-06*	10-01-06*
21-05-03	ordinary bearer	-	-	46 230	184 920	fully paid up in cash	08-02-06*	08-02-06*
21-05-03	ordinary bearer	-	-	19 700	78 800	fully paid up in cash	08-02-06*	08-02-06*
21-05-03	ordinary bearer	-	-	92 015	368 060	fully paid up in cash	09-03-06*	09-03-06*
21-05-03	ordinary bearer	-	-	19 159	76 636	fully paid up in cash	09-03-06*	09-03-06*
21-05-03	ordinary bearer	-	-	8 357	33 428	fully paid up in cash	11-04-06*	11-04-06*
21-05-03	ordinary bearer	-	-	800	3 200	fully paid up in cash	11-04-06*	11-04-06*
21-05-03	ordinary bearer	-	-	108 194	432 776	fully paid up in cash	16-05-06*	16-05-06*
21-05-03	ordinary bearer	-	-	20 541	82 164	fully paid up in cash	16-05-06*	16-05-06*
21-05-03	ordinary bearer	-	-	17 000	68 000	fully paid up in cash	09-06-06*	09-06-06*
21-05-03	ordinary bearer	-	-	2 619	10 476	fully paid up in cash	09-06-06*	09-06-06*
21-05-03	ordinary bearer	-	-	33 007	132 028	fully paid up in cash	10-07-06*	10-07-06*
21-05-03	ordinary bearer	-	-	2 730	10 920	fully paid up in cash	10-07-06*	10-07-06*
21-05-03	ordinary bearer	-	-	48 122	192 488	fully paid up in cash	09-08-06*	09-08-06*
21-05-03	ordinary bearer	-	-	700	2 800	fully paid up in cash	12-09-06*	12-09-06*
21-05-03	ordinary bearer	-	-	3 430	13 720	fully paid up in cash	11-10-06*	11-10-06*
21-05-03	ordinary bearer	-	-	38 094	152 376	fully paid up in cash	10-11-06*	10-11-06*
21-05-03	ordinary bearer	-	-	15 005	60 020	fully paid up in cash	08-12-06*	08-12-06*
21-05-03	ordinary bearer	-	-	800	3 200	fully paid up in cash	10-01-07*	10-01-07*
21-05-03	ordinary bearer	-	-	200	800	fully paid up in cash	16-02-07*	16-02-07*
21-05-03	ordinary bearer	-	-	1 150	4 600	fully paid up in cash	09-03-07*	09-03-07*
21-05-03	ordinary bearer	-	-	9 585	38 340	fully paid up in cash	09-03-07*	09-03-07*
21-05-03	ordinary bearer	-	-	600	2 400	fully paid up in cash	11-04-07*	11-04-07*
21-05-03	ordinary bearer	-	-	32 964	131 856	fully paid up in cash	17-05-07*	17-05-07*
21-05-03	ordinary bearer	-	-	2 700	10 800	fully paid up in cash	15-06-07*	15-06-07*
21-05-03	ordinary bearer	-	-	8 640	34 560	fully paid up in cash	12-07-07*	12-07-07*
21-05-03	ordinary bearer	-	-	41 898	167 592	fully paid up in cash	14-08-07*	14-08-07*
21-05-03	ordinary bearer	-	-	400	1 600	fully paid up in cash	14-09-07*	14-09-07*
21-05-03	ordinary bearer	-	-	2 540	10 160	fully paid up in cash	11-10-07*	11-10-07*
21-05-03	ordinary bearer	-	-	30 807	123 228	fully paid up in cash	15-11-07*	15-11-07*
21-05-03	ordinary bearer	-	-	12 349	49 396	fully paid up in cash	13-12-07*	13-12-07*
21-05-03	ordinary bearer	-	-	700	2 800	fully paid up in cash	13-02-08*	13-02-08*
21-05-03	ordinary bearer	-	-	2 410	9 640	fully paid up in cash	19-03-08*	19-03-08*
21-05-03	ordinary bearer	-	-	650	2 600	fully paid up in cash	15-04-08*	15-04-08*
21-05-03	ordinary bearer	-	-	18 609	74 436	fully paid up in cash	19-05-08*	19-05-08*
21-05-03	ordinary bearer	-	-	4 900	19 600	fully paid up in cash	13-06-08*	13-06-08*
21-05-03	ordinary bearer	-	-	2 945	11 780	fully paid up in cash	10-07-08*	10-07-08*
Total number of shares				**29 690 882**				
Total registered share capital					**118 763 528**			
Nominal value per share (in PLN)			**4**					

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

21. Material share packages

There was a change in the holding of material share packages of the Bank in the first quarter of 2009.

Commerzbank Auslandsbanken Holding AG is a shareholder holding over 5% of the share capital and votes at the General Meeting and as at 31 March 2009 it held 69.7847% of the share capital and votes at the General Meeting of BRE Bank SA (as at 31 December 2008 – 69.7847%).

The Bank, in accordance with the notification sent to it on 7 November 2008, informed in the Current Report No. 139/2008 that Commercial Union Powszechne Towarzystwo Emerytalne BPH CU WBK held 1 498 598 shares of BRE Bank, which currently constitute 5.05% of the share capital of BRE Bank SA and authorize to exercise 1 498 598 votes at the General Meeting of BRE Bank SA, representing 5.05% of general number of votes at the General Meeting of BRE Bank SA.

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

	Number of shares held as at the date of publishing the report for Q4 2008	Number of shares acquired from the date of publishing the report for Q4 2008 to the date of publishing the report for Q1 2009	Number of shares sold from the date of publishing the report for Q4 2008 to the date of publishing the report for Q1 2009	Number of shares held as at the date of publishing the report for Q1 2009
Management Board				
1. Mariusz Grendowicz	-	-	-	-
2. Wiesław Thor	5 609	-	-	5 609
3. Przemysław Gdański	-	-	-	-
4. Karin Katerbau	-	-	-	-
5. Bernd Loewen	-	-	-	-
6. Jarosław Mastalerz	-	-	-	-
7. Christian Rhino	-	-	-	-

As at the date of publishing the report for the fourth quarter of 2008 and as at the date of publishing the report for the first quarter of 2009, the Members of the Management Board had no Bank share options and they have no Bank share options.

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

23. Earnings per share (stand-alone data)

Earnings per share for 3 months

the period	from 01.01.2009 to 31.03.2009	from 01.01.2008 to 31.03.2008
Basic:		
Net profit	66 839	312 723
Weighted average number of ordinary shares	29 690 882	29 661 938
Net basic profit per share (in PLN per share)	**2.25**	**10.54**
Diluted:		
Net profit attributable to the shareholders, applied for calculation of diluted earnings per share	66 839	312 723
Weighted average number of ordinary shares in issue	29 690 882	29 661 938
Adjustments for:		
- stock options for employees	30 668	26 354
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 721 550	29 688 292
Diluted earnings per share (in PLN per share)	**2.25**	**10.53**

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

As at 31 March 2009, BRE Bank SA ("Bank") was not involved in any proceedings before a court, arbitration body, or public administration authority concerning liabilities of the Bank or its subsidiaries whose value would be equal to or greater than 10% of the Bank's equity. Moreover, the total value of claims concerning liabilities of the issuer or its subsidiary in all proceedings before a court, an arbitration body or a public administration authority underway at 31 March 2009 also was not greater than 10% of the issuer's equity.

Report on major proceedings concerning contingent liabilities of the issuer

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

   At present proceedings against BRE Bank in the Court of Jerusalem takes place initiated by Bank Leumi and an insurance company of Bank Leumi, Migdal Insurance Company. It is an action for indemnity in the amount of USD 13.5 million (PLN 47.8 million according to the average exchange rate of the National Bank of Poland of 31 March 2009). This action was originally initiated by ART-B Sp. z o.o. Eksport – Import with its registered office in Katowice, under liquidation ("Art-B") against the main defendant Bank Leumi, whereas BRE Bank was garnished by Bank Leumi. Considering a settlement concluded between ART-B and Bank Leumi, and Migdal Insurance Company, on the basis of which ART-B received from Bank Leumi and Migdal Insurance Company an amount of USD 13.5 million, Bank Leumi and Migdal Insurance Company claim from BRE Bank refund of the amount paid to ART-B that is USD 13.5 million. BRE Bank's liability towards Bank Leumi and Migdal Insurance Company is under recourse. The proceeding is at a pre-trial stage, i.e., prior to the first hearing. Parties of the lawsuit consider handing over a case to mediation in order to an independent specialist should examine legal status of the actual condition arisen.

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

   The Official Receiver of bankrupt Pozmeat brought the case against the Bank and TTI to court on 29 July 2005. The value of the dispute amounted to PLN 100 000 thousand. The purpose was to cancel Pozmeat's agreements to sell shares of Garbary Sp. z o.o. ("Garbary") to TTI and then to the Bank. The dispute focuses on determination of the value of the right to perpetual usufruct of land and related buildings, representing the only assets of Garbary on the date of sale of Pozmeat's interest in Garbary (19 July 2001). The District Court in Warsaw has granted the receiver a security by forbidding BRE Bank to dispose of or to encumber the interests in Garbary.

   On 8 October 2008 the Court issued a verdict in which dismissed the bankrupt's complaint in its entirety. The verdict is not in force yet, the official receiver of bankrupt filed an appeal on 8 December 2008.

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

   Bank BPH SA brought the case to court on 17 February 2005. The value of the dispute was estimated at PLN 42 854 thousand. The purpose was to recognize actions related to the creation of Garbary and the contribution in kind as ineffective. The dispute focuses on determination of the value of the right to perpetual usufruct of land and related buildings that Zakłady Mięsne POZMEAT contributed in kind to Garbary as payment for Pozmeat's stake in the PLN 100 000 thousand share capital of Garbary. On 6 June 2006 the District Court in Poznań issued a verdict according to which the claims were dismissed in their entirety. The claimant filed an appeal against that verdict. On 6 February 2007 the Court of Appeal, IX Division of Economics, dismissed the claimant's appeal. The claimant filed the last resort appeal against the ruling of the Court of Appeal. On 2 October 2007, the Supreme Court revoked the ruling of the Court of Appeal and referred the case back. After re-examining the case, the Court of Appeal dismissed the ruling of the District Court in Poznań on 4 March 2008 and referred the case back.

   The dispute focuses on determination of the value of the right to perpetual usufruct of real estate located at Garbary Street on the day (December 2000) of contribution in kind of the right to perpetual usufruct to Milenium Center Sp. z o.o. (now Garbary Sp. z o.o.).

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

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

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

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

5. Claims of the clients of Interbrok

   As at 27 April 2009 the Bank was requested by 62 entities who were the client of Interbrok Investment E. Drożdż i Spółka Spółka jawna (further referred to as Interbrok) to pay compensation claims in a total amount of PLN 139 120 thousand. 59 entities called the Bank for settlement of the matter amicably via the District Court in Warsaw. Additionally, by 27 April 2009 8 legal suits have been delivered to the Bank where former clients of Interbrok claimed compensation in the total amount of PLN 800 thousand with the reservation that the claims may be extended up to the total amount of PLN 5 950 thousand. Plaintiffs allege that Bank aided in Interbrok's illegal activities, which caused damage to plaintiffs. In all court cases Bank moves for dismissal of the claims wholly and objects to charges included in the legal suits. The legal analysis of the abovementioned claims indicates that there are not significant grounds to state that the Bank bears liability in the discussed case. Therefore BRE Bank Group SA did not create provisions for the above claims.

As at 31 March 2009, the Bank was not involved in any proceedings before a court, arbitration body, or public administration authority concerning receivables of the issuer or its subsidiaries whose value would be equal to or greater than 10% of the issuer's equity. The total value of claims concerning receivables of the issuer or its subsidiaries in all proceedings before a court, an arbitration body or a public administration authority underway at 31 March 2009 did not go above 10% of the issuer's equity.

Taxes

Within the period from 20 March to 8 April 2009, the officers of the Treasury Office carried out tax audits, concerning correctness of the settlement, tax return and advance payments for personal income tax to the Treasury for the period from 1 January to 31 December 2007. The audits did not indicate any irregularities.

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

There were no tax audits at the companies of the Group within the year 2009 or 2008.

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

25. Off-balance sheet liabilities

Off-balance sheet liabilities as at 31 March 2009, 31 December 2008 and 31 March 2008.

Consolidated data

as at	31.03.2009	31.12.2008	31.03.2008
1. Contingent liabilities granted and received	**19 636 414**	**20 735 831**	**19 220 824**
Commitments granted	**18 059 484**	**19 152 615**	**17 668 758**
- financing	15 096 463	15 940 051	13 902 894
- guarantees	2 962 113	3 027 249	3 047 273
- other commitments	908	185 315	718 591
Commitments received	**1 576 930**	**1 583 216**	**1 552 066**
- financing	943 556	956 208	629 305
- guarantees	633 374	627 008	639 930
- other commitments	-	-	282 831
2. Derivative financial instruments	**554 845 740**	**654 609 081**	**699 341 447**
Interest rate derivatives	458 654 798	561 929 698	609 764 239
FX derivatives	94 963 522	91 281 575	82 298 281
Market risk derivatives	1 227 420	1 397 808	7 278 927
Total off-balance sheet items	**574 482 154**	**675 344 912**	**718 562 271**

Stand-alone data

as at	31.03.2009	31.12.2008	31.03.2008
1. Contingent liabilities granted and received	**17 956 573**	**18 976 682**	**17 115 010**
Commitments granted	**17 359 348**	**18 419 046**	**16 525 059**
- financing	14 116 684	14 963 786	12 094 499
- guarantees	2 992 664	3 020 853	3 711 969
- others	250 000	434 407	718 591
Commitments received	**597 225**	**557 636**	**589 951**
- financing	100 244	74 057	100 000
- guarantees	496 981	483 579	489 951
2. Derivative financial instruments	**557 443 603**	**656 809 303**	**698 997 046**
Interest rate derivatives	461 192 231	563 830 533	609 248 009
FX derivatives	95 023 952	91 580 962	82 470 110
Market risk derivatives	1 227 420	1 397 808	7 278 927
Total off-balance sheet items	**575 400 176**	**675 785 985**	**716 112 056**

26. Transactions with related entities

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

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

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

The amounts of transactions with related entities, i.e., receivable balances and commitment balances and related expenses and income as at 31 March 2009, 31 December 2008 and 31 March 2008 are as follows:

Numerical data concerning transactions with related entities (in PLN '000) as at 31 March 2009

No.	Company's name	Balance sheet		Profit and Loss Account				Contingent commitments granted and received	
		Receivables	Liabilities	Interest income	Interest costs	Commission income	Commission costs	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	AMBRESA Sp. z o.o.	-	810	-	-	2	-	-	-
2	BRELINVEST Sp. z o.o. Fly 2 Commandite company	-	708	-	(1)	1	-	-	-
3	BRE Systems Sp. z o.o. (previously: ServicePoint Sp. z o.o.)	233	137	5	-	5	-	767	-
	Ultimate Parent Group								
	Commerzbank AG Capital Group	953 671	27 013 509	8 610	(162 073)	-	-	961 097	145 569

Numerical data concerning transactions with related entities (in PLN '000) as at 31 December 2008

No.	Company's name	Balance sheet		Profit and Loss Account				Contingent commitments granted and received	
		Receivables	Liabilities	Interest income	Interest costs	Commission income	Commission costs	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	AMBRESA Sp. z o.o.	-	847	-	-	2	-	-	-
2	BRELINVEST Sp. z o.o. Fly 2 Commandite company	-	715	-	(1)	1	-	-	-
3	BRE Systems Sp. z o.o. (previously: ServicePoint Sp. z o.o.)	-	150	9	(6)	17	-	1 000	-
	Associates								
	Xtrade SA	-	34	-	(4)	7	-	-	-
	Ultimate Parent Group								
	Commerzbank AG Capital Group	1 834 878	24 587 002	38 424	(549 414)	-	-	580 504	557 636

Numerical data concerning transactions with related entities (in PLN '000) as at 31 March 2008

No.	Company's name	Balance sheet		Profit and Loss Account				Contingent commitments granted and received	
		Receivables	Liabilities	Interest income	Interest costs	Commission income	Commission costs	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	ServicePoint Sp. z o.o.	174	73	3	(1)	2	-	326	-
2	BRELINVEST Sp. z o.o. Fly 2 Commandite company	-	3	-	-	-	-	-	-
3	BREL-MAR Sp. z o.o.	-	1	-	-	-	-	-	-
4	AMBRESA Sp. z o.o.	-	476	-	-	-	-	-	-
	Associates								
	Xtrade SA	-	81	-	(1)	2	-	-	-
	Ultimate Parent Group								
	Grupa Kapitałowa Commerzbank AG	697 948	11 632 380	3 883	(96 896)	-	-	51 268	108 247

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

As at 31 March 2009 no exposure under extended guarantees in excess of 10% of the equity occurred in the Bank.

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

On 16 March 2009 the 22nd Ordinary General Meeting of BRE Bank appointed Mr Stefan Schmittmann as new (the 10th one) BRE Bank Supervisory Board.

On 27 March 2009 Bernd Loewen, Member of the Management Board of BRE Bank resigned from his post as of 1 July 2009.

At the coming meeting of the Supervisory Board of BRE Bank, the Chairman will recommend Hans Dieter Kemler as Management Board member responsible for investment banking. Mr Hans Dieter Kemler will take his duties in BRE Bank on 11 July 2009 (after acceptance by the Supervisory Board).

29. Factors affecting the results in the coming quarter

Apart from operating activity of the Bank and the companies of the Group, in the second quarter of 2009 no other events which would have an impact on the profit of this period are expected.