BRE Bank SA Group

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013

Contents

Selected Financial Data

SELECTED FINANCIAL DATA FOR THE GROUP		in PLN'000		in EUR'000	
		3 Quarters of 2013 the period from 01.01.2013 to 30.09.2013	3 Quarters of 2012 the period from 01.01.2012 to 30.09.2012	3 Quarters of 2013 the period from 01.01.2013 to 30.09.2013	3 Quarters of 2012 the period from 01.01.2012 to 30.09.2012
I.	Interest income	2 962 134	3 317 137	701 412	790 774
II.	Fee and commission income	998 353	963 681	236 403	229 732
III.	Net trading income	264 540	280 463	62 641	66 860
IV.	Operating profit	1 091 614	1 172 192	258 486	279 439
V.	Profit before income tax	1 091 614	1 172 192	258 486	279 439
VI.	Net profit attributable to Owners of BRE Bank SA	875 516	930 653	207 316	221 859
VII.	Net profit attributable to non-controlling interests	2 025	21	480	5
VIII.	Net cash flows from operating activities	(1 893 527)	2 545 471	(448 374)	606 816
IX.	Net cash flows from investing activities	(99 303)	(140 869)	(23 514)	(33 582)
X.	Net cash flows from financing activities	(2 243 041)	(2 207 272)	(531 136)	(526 192)
XI.	Net increase / decrease in cash and cash equivalents	(4 235 871)	197 330	(1 003 024)	47 042
XII.	Basic earnings per share (in PLN/EUR)	20.77	22.10	4.92	5.27
XIII.	Diluted earnings per share (in PLN/EUR)	20.77	22.08	4.92	5.26
XIV.	Declared or paid dividend per share (in PLN/EUR)	10.00	-	2.37	-

SELECTED FINANCIAL DATA FOR THE GROUP		in PLN'000			in EUR'000		
		As at			As at		
		30.09.2013	31.12.2012	30.09.2012	30.09.2013	31.12.2012	30.09.2012
I.	Total assets	104 088 052	102 236 046	99 805 527	24 687 060	25 007 594	24 261 152
II.	Amounts due to the Central Bank	-	-	-	-	-	-
III.	Amounts due to other banks	21 416 248	21 110 939	22 701 039	5 079 394	5 163 871	5 518 265
IV.	Amounts due to customers	60 085 074	57 983 600	57 228 772	14 250 664	14 183 161	13 911 413
V.	Equity attributable to Owners of BRE Bank SA	9 937 904	9 685 493	9 161 888	2 357 020	2 369 134	2 227 111
VI.	Non-controlling interests	26 518	24 491	23 931	6 289	5 991	5 817
VII.	Share capital	168 681	168 556	168 548	40 007	41 230	40 971
VIII.	Number of shares	42 170 252	42 138 976	42 137 036	42 170 252	42 138 976	42 137 036
IX.	Book value per share (in PLN/EUR)	235.66	229.85	217.43	55.89	56.22	52.85
X.	Capital adequacy ratio	19.17	18.73	15.44	19.17	18.73	15.44

SELECTED FINANCIAL DATA FOR THE BANK		in PLN'000		in EUR'000	
		3 Quarters of 2013 the period from 01.01.2013 to 30.09.2013	3 Quarters of 2012 the period from 01.01.2012 to 30.09.2012	3 Quarters of 2013 the period from 01.01.2013 to 30.09.2013	3 Quarters of 2012 the period from 01.01.2012 to 30.09.2012
I.	Interest income	2 717 964	3 024 236	643 595	720 949
II.	Fee and commission income	840 756	798 294	199 085	190 306
III.	Net trading income	248 397	271 922	58 819	64 824
IV.	Operating profit	968 494	1 061 561	229 332	253 066
V.	Profit before income tax	968 494	1 061 561	229 332	253 066
VI.	Net profit	783 039	847 412	185 418	202 015
VII.	Net cash flows from operating activities	(3 084 763)	2 076 934	(730 450)	495 121
VIII.	Net cash flows from investing activities	260 077	(72 974)	61 584	(17 396)
IX.	Net cash flows from financing activities	(1 846 652)	(1 335 822)	(437 274)	(318 447)
X.	Net increase / decrease in cash and cash equivalents	(4 671 338)	668 138	(1 106 140)	159 278
XI.	Basic earnings per share (in PLN/EUR)	18.58	20.12	4.40	4.80
XII.	Diluted earnings per share (in PLN/EUR)	18.57	20.10	4.40	4.79
XIII.	Declared or paid dividend per share (in PLN/EUR)	10.00	-	2.37	-

SELECTED FINANCIAL DATA FOR THE BANK		in PLN'000			in EUR'000		
		As at			As at		
		30.09.2013	31.12.2012	30.09.2012	30.09.2013	31.12.2012	30.09.2012
I.	Total assets	99 732 101	98 148 976	95 562 803	23 653 939	24 007 870	23 229 813
II.	Amounts due to the Central Bank	-	-	-	-	-	-
III.	Amounts due to other banks	20 880 552	20 241 514	21 795 359	4 952 340	4 951 204	5 298 109
IV.	Amounts due to customers	61 685 821	59 881 918	56 950 776	14 630 321	14 647 502	13 843 837
V.	Own equity	9 322 612	9 163 857	8 658 316	2 211 088	2 241 538	2 104 700
VI.	Share capital	168 681	168 556	168 548	40 007	41 230	40 971
VII.	Number of shares	42 170 252	42 138 976	42 137 036	42 170 252	42 138 976	42 137 036
VIII.	Book value per share (in PLN/EUR)	221.07	217.47	205.48	52.43	53.19	49.95
IX.	Capital adequacy ratio	20.88	19.66	16.72	20.88	19.66	16.72

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

- for items of the statement of financial position – exchange rate announced by the National Bank of Poland as at 30 September 2013: EUR 1 = 4.2163, exchange rate as at 31 December 2012: EUR 1 = PLN 4.0882 and exchange rate as at 30 September 2012: EUR 1 = PLN 4.1138.
- for items of the income statement – 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 three quarters of 2013 and 2012: EUR 1 = PLN 4.2231 and EUR 1 = PLN 4.1948 respectively.

Introduction

During Q3 2013, BRE Bank Group generated a profit before income tax of PLN 342.8 million, representing a decrease of PLN 6.1 million or 1.8% QoQ. Net profit attributable to the shareholders of BRE Bank increased by PLN 6.6 million or 2.4% QoQ to PLN 279.1 million, driven by a lower effective tax rate.

The main factors determining the changes in the results were as follows:

- **Stable revenues** of PLN 933.2 million (+0.7% QoQ) supported by an increase in net interest income (PLN 556.4 million or +4.0% QoQ) and the dividend paid by PZU. Net commission income decreased by 2.2% to PLN 216.6 million.
- **Stable operating expenses** (including depreciation and amortisation) compared to the previous quarter, which stood at PLN 416.8 million. Consequently, the effectiveness of BRE Bank Group measured by the cost/income ratio improved on a year-to-date and quarter-on-quarter basis. The cost/income ratio after Q3 2013 reached 46.0% (44.7% in Q3 2013) compared to 46.7% after Q2 2013 (45.1% in Q2 2013).
- **Increase of risk costs** to 98 bps. Net impairment losses on loans and advances increased by PLN 14.1 million or 8.9% QoQ. The change was driven mainly by higher provisions in the Retail Banking segment.
- **Continued organic growth and business expansion** as demonstrated by:
    - **Growth in retail customer base**, which reached 4,326 thousand (+57 thousand customers compared to Q2 2013, +192 thousand from the beginning of 2013);
    - **Increase in the number of corporate customers** to a record high of 16,001 clients (+399 compared to Q2 2013, +906 from the beginning of 2013).

Net loans and advances to customers stood at PLN 69,312.0 million at the end of Q3 2013 and were lower by PLN 2,592.3 million or 3.6% compared to the end of Q2 2013. The reduction was driven by a decrease of the volume of corporate loans by PLN 2,312.3 million or 7.1% (mainly due to a decrease of volume of reverse repo / buy sell back transactions) to PLN 30,211.0 million. Loans to individual clients remained at a level similar to Q2 2013 and amounted to PLN 38,960.8 million.

Customer deposits decreased by PLN 2,110.1 million or 3.4% QoQ to PLN 60,085.1 million. Retail deposits decreased by 3.2% to PLN 32,594.9 million, whereas corporate deposits decreased by 2.6% to PLN 26,635.7 million driven by a reduction of the Bank's repo / sell buy back transactions with corporate clients. Underlying corporate deposits (excluding repo / sell buy back transactions) increased by 8.2% during the period.

Consequently, the loans to deposits ratio of BRE Bank Group remained broadly unchanged compared to the previous quarter at 115.4%.

The changes in the Group's financial results translated into the following profitability ratios:

- Gross ROE amounted to 15.6% compared to 16.0% at the end of Q2 2013;
- Net ROE amounted to 12.6% compared to 12.8% at the end of Q2 2013.

The Group's capital ratios remained at a safe level. The capital adequacy ratio (CAR) stood at 19.17% at the end of September 2013, compared to 18.18% in Q2 2013. The Core Tier I ratio stood at 14.02%, compared to 13.10% at the end of Q2 2013. The improvement of the ratios was mainly driven by the partial recognition of H1 2013 profit in the Group's own funds.

Major achievements of BRE Bank Group in Q3 2013

Changes in the Authorities of BRE Bank

On September 17, 2013, the Polish Financial Supervision Authority granted consent to the appointment of Lidia Jabłonowska-Luba as Vice-President of the Management Board in charge of risk management at the Bank and Chief Risk Officer.

Lidia Jabłonowska-Luba was appointed as Member of the Management Board on April 11, 2013, but the Supervisory Board decided that from April 12, 2013 until the time the Polish Financial Supervision Authority grants consent to the appointment of Lidia Jabłonowska-Luba as Vice-President of the Management Board in charge of risk management and Chief Risk Officer of the Bank, the responsibilities would be temporarily entrusted to Cezary Stypułkowski, President of the Management Board of BRE Bank.

Euro Medium Term Notes Programme

The Management Board of BRE Bank announced in Q2 2012 that BRE Finance France SA as the issuer and BRE Bank as the issue underwriter had signed an agreement for a Euro Medium Term Notes Programme (EMTN) for a total amount of up to EUR 2 billion. Under the EMTN Programme, the issuer has the right to issue debt securities in multiple tranches, various currencies and with diverse interest structure.

The Programme currently bears credit ratings of 'A' and 'BBB+' assigned by Fitch Ratings and Standard and Poor's Rating Services respectively.

On September 25, 2013, BRE Finance France issued another tranche of Eurobonds with a nominal value of CHF 200 million, maturing in 2018. The interest on Eurobonds is 2.5% per annum. Receipts from the issue of debt securities have been remitted by the issuer to BRE Bank as issue underwriter in the form of a cash deposit. The Bank will pay BRE Finance France, the provider of the cash deposit, fixed interest on an annual basis, and an additional repurchase premium amounting to CHF 1,033 thousand. The funds will be used to finance general banking operations of BRE Bank.

On September 26, 2013 Fitch Ratings and Standard & Poor's Rating Services assigned ratings of 'A' and 'BBB+' respectively to the newly issued tranche of Eurobonds. The ratings are in accordance with the ratings assigned to the EMTN Programme.

The settlement of the issue took place on October 8, 2013.

The issue of Eurobonds with a nominal value of CHF 200 million was the second issue under the Euro Medium Term Notes Programme. The first tranche of Eurobonds was issued on October 4, 2012 (Eurobonds with a nominal value of EUR 500 million, maturity date in 2015, and interest of 2.75% per annum).

Rebranding of BRE Bank Group

In June 2013 the Bank announced the beginning of rebranding within the Group, which will ultimately lead to the replacement of BRE Bank and MultiBank brands with mBank brand. The decision of introducing a homogenous brand across the whole Group is part of the One Bank Strategy aimed at full use of the business potential of the Bank and its subsidiaries.

The changes are planned mainly in the field of image adjustment, though their principal objective is to create a coherent banking offer across all businesses previously represented by distinctive brands including BRE Bank, mBank, MultiBank as well as BRE Private Banking & Wealth Management.

The rebranding includes the following changes:

- **The bank's name and logotype.** The new identification system should stress the fact that BRE Bank Group is able to adjust to different client groups. The logotype in five colour versions corresponding to the previous identity confirms that the Bank draws upon its existing experience in serving different client groups.
- **Corporate branch layout.** The branches will have a new logo and eventually, the Bank's retail and corporate branches will be merged and modernized. The process will have been completed by 2018.

- **Website address.** With the change of the name and the visual identity of the Bank, the existing website of BRE Bank (including BRE Private Banking & Wealth Management) will be incorporated into the structure of the mBank website and will be available at the new address: **www.mbank.pl**.

Rebranding of BRE Bank and MultiBank is planned for November 25, 2013 (rebranding of the subsidiaries of BRE Bank Group should have been completed by the end of 2013).

Rebranding is also an opportunity to refresh the existing mBank brand. The new transactional platform of mBank, which was prepared as a part of the New mBank project (for more information see The New mBank Project section), reflects the new concept of branding and its color scheme.

<u>The New mBank Project</u>

On June 4, 2013, a new online retail banking platform was launched as part of the New mBank project. Work on the project commenced in Q1 2012 and the service launch coincided with the announcement of BRE Bank Group rebranding.

The core idea guiding design of the platform was to simplify it, making it more ergonomic, intuitive and quicker in use.

Each and every element of the new platform was thoroughly considered and designed entirely from scratch. Visually, it is concordant with the new branding concept of the Group, including the new mBank logo.

The new platform is not only about the design but it also introduces over 200 new features and improvements. These include, for example, the mOKAZJE discount programme, which attracted 345 thousand users as at the end of September 2013. The new functionalities allow clients to save time and help them understand their past, present and even future financial situation.

Starting from July 1, 2013, every mBank client having active access to the new version of the transactional system may receive round-the-clock assistance offered by on-line experts via video, voice or text chat. The new virtual branches help clients in handling the majority of banking issues. From September 16, 2013, the services of on-line experts were made available to everyone, not only to mBank clients.

The new online retail banking platform will also be launched in the Czech Republic and Slovakia.

New mBank, which is one of the biggest and most technologically advanced projects in the Polish banking industry, has already been made available to 1.4 million clients (at the end of September 2013).

New mBank's innovative platform and customer solutions have already won it international accolades and recognition by leading industry experts.

In the autumn edition of Finovate, a major global conference series showcasing technological innovations in the financial industry, the mBank team won a prestigious "Best of Show" award. Experts' attention was captured by the innovative solutions offered to mBank clients in the new transactional service.

In addition, new mBank as the only institution worldwide received two awards in a contest organized by Efma – a global banking organization. It was named the best online and mobile bank in the world and was awarded in „Most Disruptive Innovation" category for being the most innovative in the banking sector. The participants of the contest included the world's largest and most renowned financial institutions from all continents, which adds to the success of New mBank's platform.

Distinctions and awards

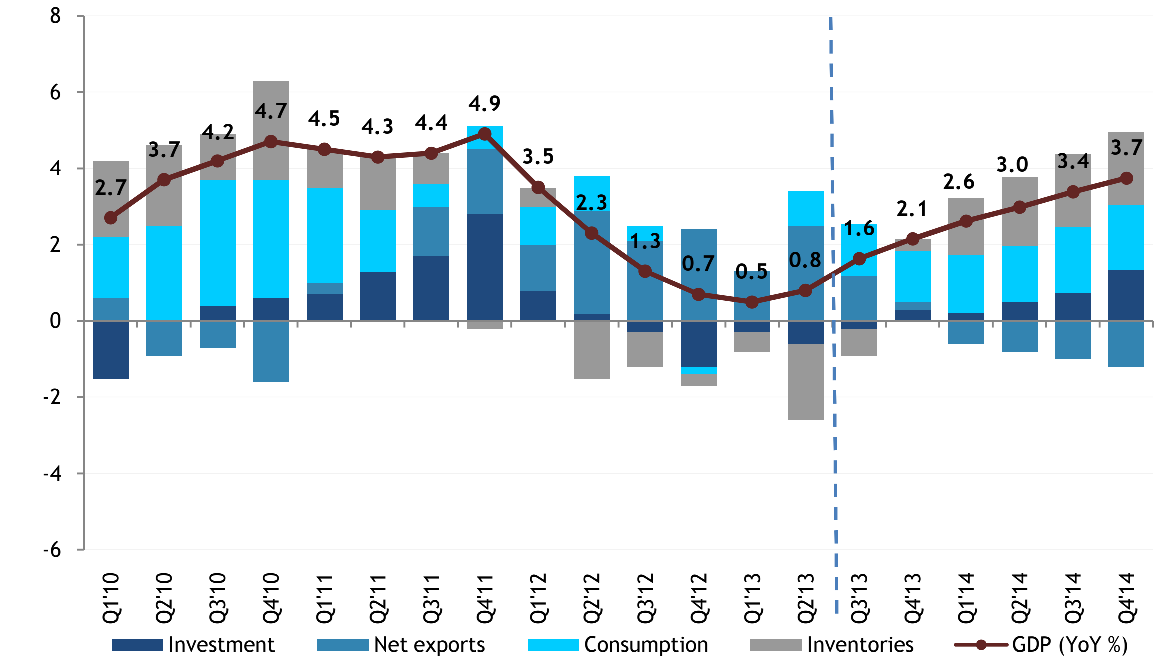
In Q3 2013, BRE Bank Group was appreciated by both clients and external experts, which was reflected in a number of awards and distinctions:

- in the twelfth edition of the prestigious "Newsweek's Friendly Bank" ranking in 2013, mBank was named, for the second time, the best institution offering mobile banking, while MultiBank, for the third consecutive time proved to be among the top traditional banks;
- for the second time, the currency exchange platform iBRE FX was named the best solution of its kind in Poland and won in the "Best in On-line Treasury Services" category of a contest organized by Global Finance;
- the annual report of BRE Bank Group won a prestigious award for the best annual report 2012 – "The Best of the Best" in The Best Annual Report contest for listed companies organized by the Tax and Accounting Institute. Moreover, the on-line version of the annual report was awarded in the Best On-line Annual Report category.

Economic environment in Q3 2013

The Polish economy enjoyed a recovery in Q3 2013. According to the Bank's projections based on data of monthly frequency, gross GDP grew by 1.6% YoY in Q3 2013. Signals from the real economy allow for moderate optimism about the mid-term outlook for the Polish economy and corroborate a recovery scenario. Poland's GDP growth is estimated at 1.3% YoY in 2013 and may exceed 2% YoY in Q4 alone.

Contribution to GDP growth



Industrial production increased during the period under review. Exporting sectors reported the best performance. As a result, according to the National Bank of Poland's report on the financial standing of companies, exporters are reporting much better financial results than companies focused on the domestic market. In the Bank's opinion, the market conditions favourable for exporters will help to improve the position of the other sectors in the coming quarters and the recovery will become more wide-spread across the economy.

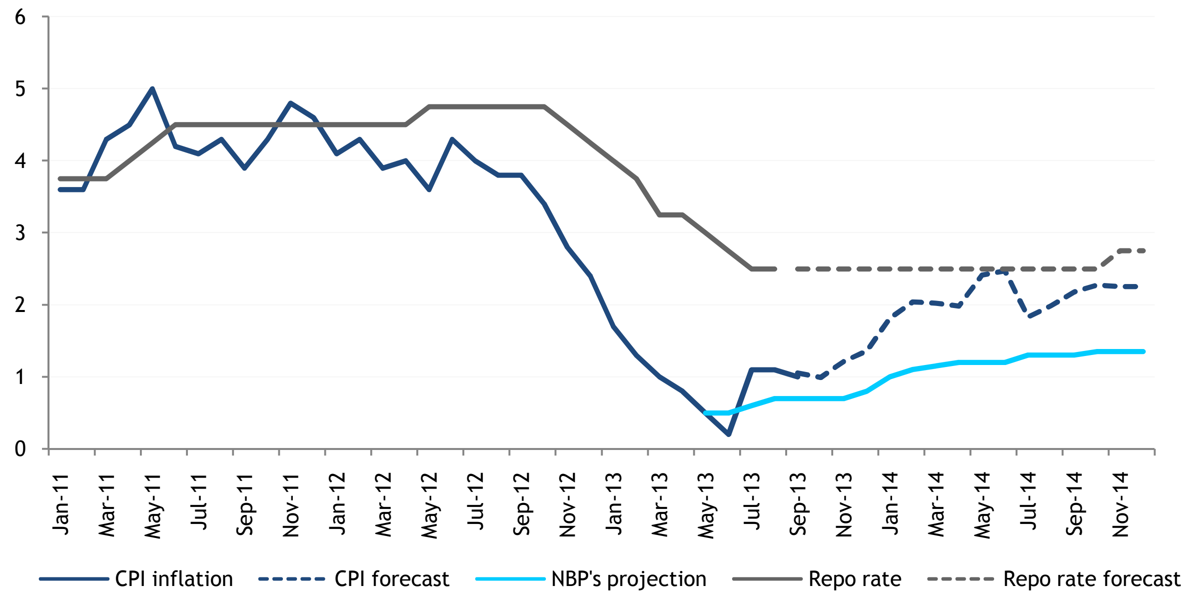
The situation on the labour market also improved significantly in the last three months. An upward trend in employment was accompanied by a gradual increase in salaries; combined with stable prices, this brought about a real increase of household incomes. As a result, an upward trend in retail sales continued, suggesting recovery of domestic demand. Private consumption is supported by growing consumer credit; this channel will become increasingly important in the coming months as the recovery encourages banks to relax their lending policy criteria. In the opinion of the Bank, the improved situation on the labour market and the recovery of domestic demand will develop on a larger scale, stimulating economic growth in the coming quarters. Furthermore, in the Bank's opinion, private consumption should remain a key driver of GDP growth in the coming quarters.

Q3 2013 was another quarter of negative dynamics in investments; nevertheless, the growth rate of capital expenditures is on a clear upward trajectory. According to preliminary estimates of the Bank, the growth rate of gross expenditures for fixed assets was ca. -1% YoY. The decrease in investments year to date was driven mainly by the very high comparative base for the public infrastructure investments (as funding available under the current EU financial perspective is phasing out). Investments of private companies remain low due to the weak domestic demand and the uncertainty about the economic outlook. However, industrial production statistics allow for some optimism: with the observed sharp increase in the production of investment goods and decrease of the above mentioned comparative base, investments can be expected to start rising in the coming quarters. This also implies an improvement in the construction sector whose activity has been observed to pick in both residential and commercial segments. In the opinion of the Bank, public infrastructure investments will contribute to an extended growth phase of the market cycle.

Inflation and Interest Rates

Prices remained stable in Q3 2013. Inflation rose sharply from 0.2% in June to 1.1% in July 2013 as a result of a one-off increase in the cost of disposal of municipal waste resulting from the provisions of the new waste disposal law. Prices stabilised in the following two months and inflation was 1% in Q3. A focus on operating expenses stops businesses from raising salaries. Combined with moderate growth in domestic demand, this keeps inflation pressures in the Polish economy at low levels.

Inflation CPI and NBP reference rate



The easing cycle of National Bank of Poland (NBP) interest rates ended definitively in Q3 2013. The central bank's reference rate remains at a historical low of 2.5% set in July. The Monetary Policy Council members have been predominantly dovish ever since. The Council members have given reassurance that the rates will remain stable until the year's end while suggesting that the rates stability period may extend beyond that time horizon.

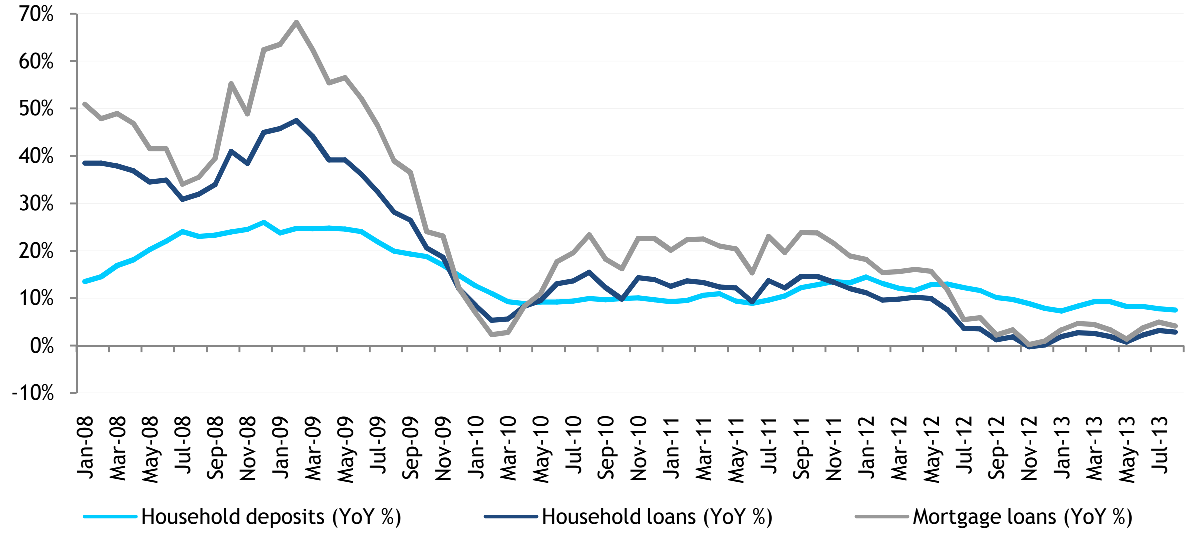
With low inflation and no inflation pressures in the economy, the outlook of the NBP rates remains stable. The macroeconomic scenario which is materialising has so far developed in line with the Council's assessment of gradual recovery in a low inflation pressure environment. The Bank expects the rates to be raised no earlier than in late 2014.

The zloty was gradually strengthening during Q3 2013. The drivers of the currency appreciation included global factors: on the one hand, the positive impact of the cooling of initial market reactions to the Fed's plans of restricting its monetary easing operation; on the other hand, the positive perception of Poland among foreign investors, supplying the equity and bond markets with foreign capital. The Bank expects that the zloty appreciation trend will continue as Poland's outlook becomes increasingly optimistic and the economic situation in Europe improves further.

Money Supply and the Banking Sector mirroring the economy

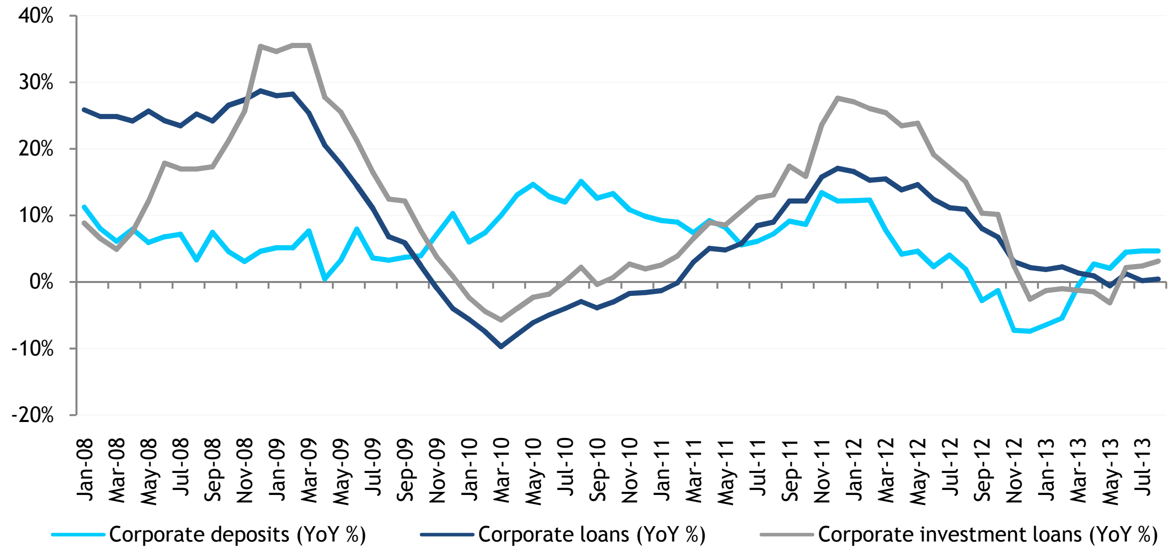
The position of the banking and financial sector in Q3 2013 mirrored the above mentioned trends observed in the real economy. First, NBP's record-low and stable interest rates entailed a proportionate reduction of market interest rates, from inter-bank loans to household loans and deposits. Combined with the improved overall sentiment and reduced interest rates on deposits, the latter development changed the profile of household assets (migration from current accounts to investment funds and consumer goods and from term deposits to current accounts). Second, lending to the private sector picked up gradually in Q3 2013, if only in some market segments, while companies' interest in opening long-term financial commitments remained limited. In the opinion of the Bank, the trends observed in monetary and financial statistics suggest that a relaxed monetary policy is an effective tool stimulating the economy.

Household loans and deposits



Retail deposit volumes stabilised in the quarter ended in September: the deposits grew by only ca. PLN 2 billion and, importantly, the stabilisation has now continued for two quarters. Meanwhile, the break-down of deposits has been changing steadily: term deposits represent a decreasing proportion of households' total bank deposits. The main observation with respect to lending concerns a recovery of consumer credit (owing to the relaxation of Recommendation T as well as the interest rate cuts), which has grown more than 2.2% YoY. Some recovery has also been observed in the housing loan segment, although the volatility of deposit volumes still results mainly from changes of FX rates rather than any additional interest in new loans. In the opinion of the Bank, only the new Recommendation S, which takes effect as of early 2014 and provides for more stringent capital requirements for borrowers (this gives an incentive to close agreements before the year's end), will drive growth in housing loan volumes in the last months of 2013.

Enterprise loans and deposits



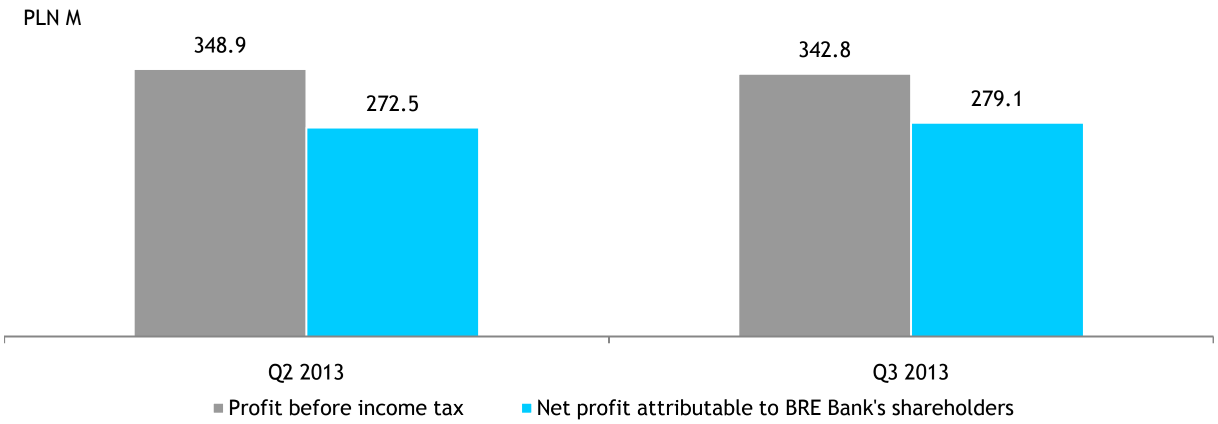
The growth rate of corporate deposits stabilised at more than 4.5% in the reporting period although corporate deposit volumes in nominal terms went down by more than PLN 1.3 billion. Of all categories of corporate loans, recovery was observed in investment loans (an increase of ca. PLN 10 billion), which was yet another sign of gradual growth in investment demand. The Bank's own research and available statistics on the financing of corporate investments suggest that the growth in investment loan volumes results from the rising number and value of current investment projects rather than being an optimistic prognostic for the coming months. In the opinion of the Bank, a steady decrease of the share of loans in corporate finance will bring the growth rate down below historical levels in subsequent quarters even under conditions of stronger economic growth.

Financial performance of BRE Bank Group in Q3 2013

Financial Results of BRE Bank Group

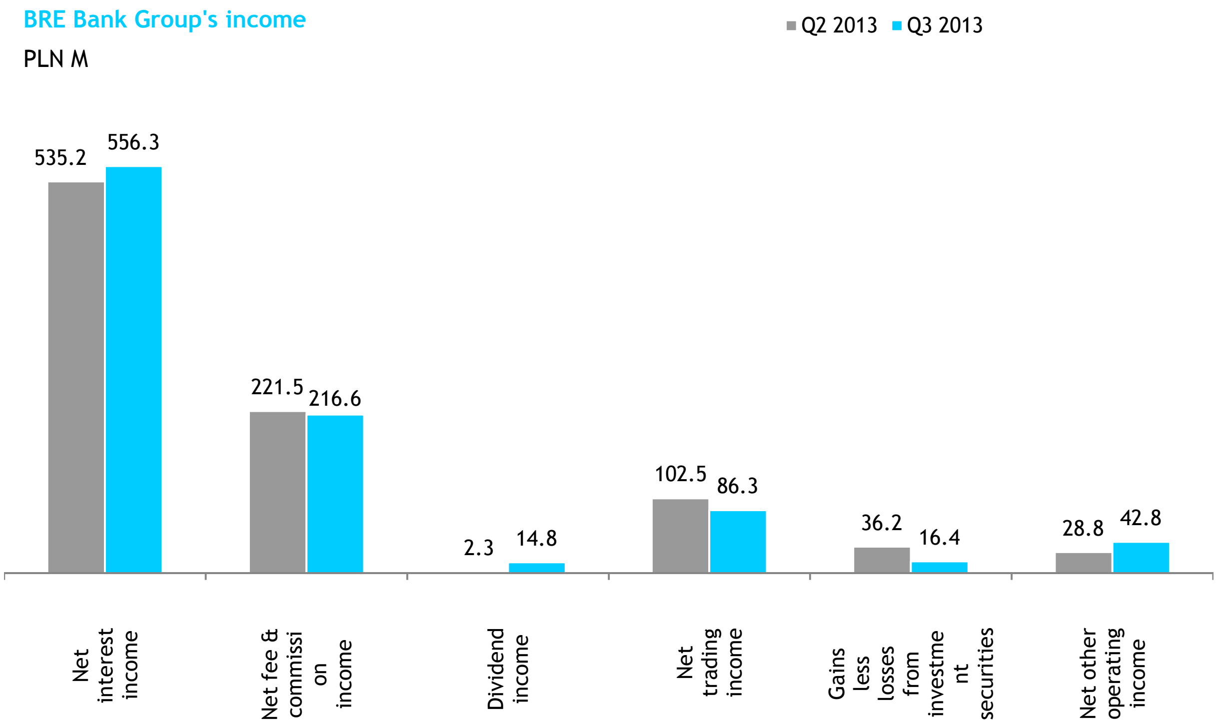
BRE Bank Group generated a profit before income tax of PLN 342.8 million in Q3 2013 lower by 1.8% QoQ. Net profit attributable to the shareholders of BRE Bank grew by 2.4% QoQ to PLN 279.1 million, driven by a lower effective tax rate.

BRE Bank Group's profit



<u>Income of BRE Bank Group</u>

Total income of BRE Bank Group in Q3 2013, stood at PLN 933.2 million, which represents an increase of PLN 6.9 million or 0.7% QoQ.



Net interest income remained the Group's largest revenue source and reached PLN 556.3 million in Q3 2013, which was higher by PLN 21.1 million (+4.0%) compared to Q2 2013. Both interest income and interest expenses were impacted by the full execution of the NBP easing cycle.

Interest income decreased by PLN 37.1 million or 3.8% QoQ and reached PLN 945.4 million in Q3 2013. Loans and advances remained the main source of interest income (71.5%). Interest income from loans and advances decreased by PLN 26.1 million or 3.7% QoQ to PLN 675.7 million, mainly due to lower credit volumes in Q3 2013. In the reporting period, interest income from investment securities declined by PLN 6.2 million or 2.8%, which was coupled with a PLN 0.9 million (-8.1%) decrease in interest income from debt securities held for trading.

In Q3 2013, the costs of client deposits decreased by PLN 65.2 million or 21.6% due to cuts in interest rates on deposits made by the Bank and the expiry of deposits bearing promotional interest. The second largest interest cost driver was once again the cost of bank deposits, which declined by PLN 1.3 million or 2.0% QoQ. Interest cost on issued debt securities decreased by PLN 3.5 million or 7.3%.

Net interest margin remained stable compared to Q2 2013 and stood at 2.1%.

Net fee and commission income in Q3 2013 stood at PLN 216.6 million, which represents a decrease of PLN 4.9 million or 2.2% compared to Q2 2013.

Fee and commission income in Q3 2013 decreased by PLN 10.6 million (-3.0%) QoQ. Commissions from credit cards increased by PLN 16.7 million or 17.4% compared to Q2 2013. The growth was fueled by one-off bonus payments received from VISA and Mastercard as well as an increase in the volume of transactions made by retail clients using credit and debit cards (by 6.3% and 6.5% respectively). Credit related fees and commissions decreased by PLN 11.1 million or 16.8% compared to Q2 2013 when the Bank additionally benefited from a partial reimbursement of fees related to the Bank Guarantee Fund that are charged to its corporate clients.

The declining turnover volume at the Warsaw Stock Exchange reported by DI BRE resulted in lower net fee and commission income from brokerage activity in Q3 2013 (by PLN 3.6 million or 14.8% QoQ).

Fee and commission costs in Q3 2013 were lower compared to Q2 2013 and amounted to PLN 122.8 million (PLN 128.6 million in Q2 2013). The cost of payment card processing and insurance decreased by PLN 2.5 million or 4.3% QoQ. Commissions paid to third parties for selling BRE Bank Group's products were down by PLN 2.9 million or 13.5% in Q3 2013.

Dividend income of BRE Bank Group in Q3 2013 amounted to PLN 14.8 million driven by the dividend received from PZU SA.

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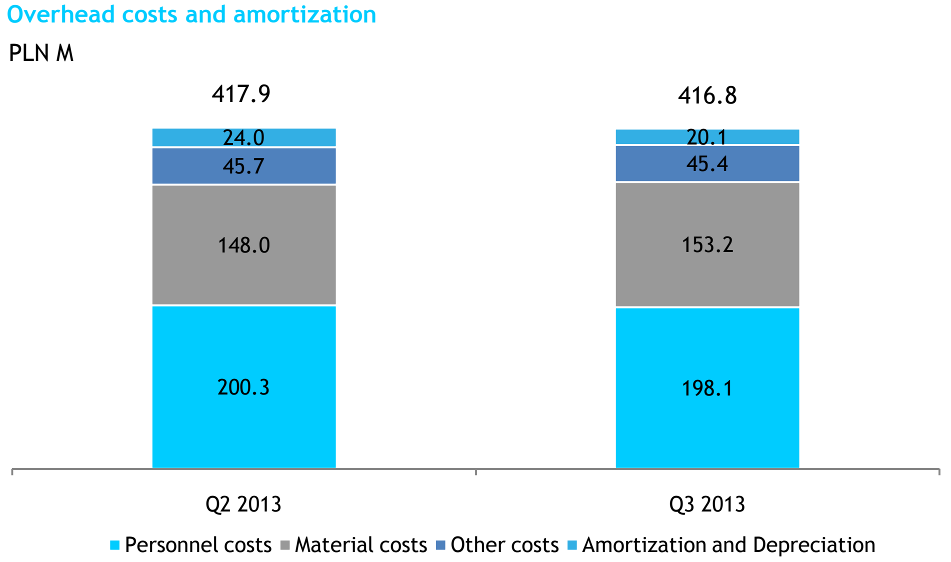
Trading income stood at PLN 86.3 million in Q3 2013 and decreased by 15.8% QoQ. The Group's FX income decreased by PLN 2.8 million or 3.7%, driven predominantly by reduced activity of clients. Other trading income decreased by PLN 13.4 million or 47.9% due to lower profit on interest rate derivatives.

Gains less loses on investment securities and on investments in subsidiaries and affiliates reached PLN 16.4 million, which represents a decrease by PLN 19.8 million QoQ.

Net other operating income and costs (other operating income minus other operating expenses) stood at PLN 42.8 million in Q3 2013, compared to PLN 28.8 million in Q2 2013, mainly due to higher sales of apartments in BRE.locum and a VAT refund granted to BRE Leasing.

Overhead Costs of BRE Bank Group

Overhead costs of BRE Bank Group including amortisation and depreciation stood at PLN 416.8 million in Q3 2013, which was similar to the figure reported in Q2 2013 (-0.3%).



Personnel costs decreased by PLN 2.2 million or 1.1%, mainly owing to lower payroll costs. The headcount of BRE Bank Group decreased by 55 FTEs in Q3 2013.

BRE Bank Group Headcount	31.09.2013	30.06.2013	% change QoQ
FTE	6,052	6,107	-0.9%

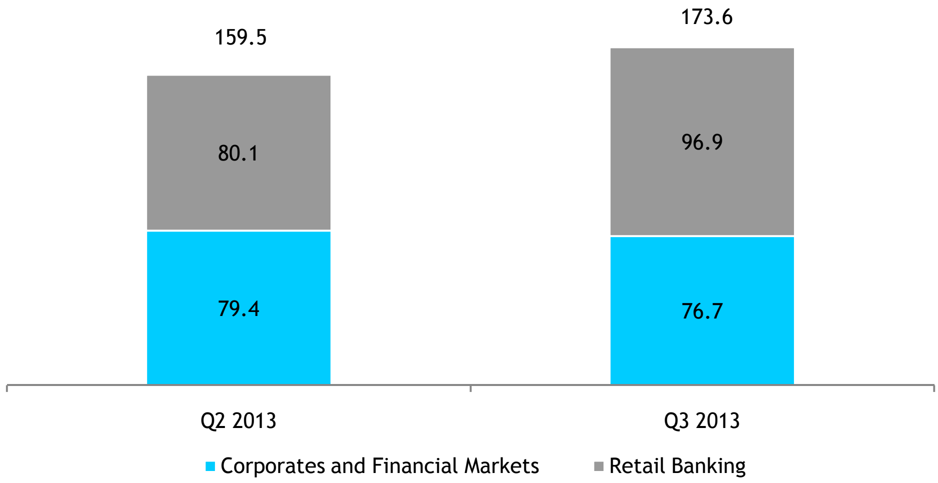
Material costs of the Group increased by PLN 5.2 million or 3.5%, driven mainly by higher marketing expenses related with the "New mBank" campaign.

Net impairment Losses on Loans and Advances

Net impairment losses on loans and advances of the Group stood at PLN 173.6 million in Q3 2013, which represents an increase by PLN 14.1 million QoQ.

Net impairment losses on loans and advances

PLN M



Net impairment losses on loans and advances in Retail Banking stood at PLN 96.9 million in Q3 2013 compared to PLN 80.1 million in Q2 2013. The increase was largely driven by higher risk charges for mortgage loans, and higher provisions at BRE Bank Hipoteczny.

Net impairment losses on loans and advances in Corporates and Financial Markets stood at PLN 76.7 million in Q3 2013, which represents a PLN 2.7 million decrease compared to Q2 2013.

Consolidated Statement of Financial Position

Total assets of BRE Bank Group stood at PLN 104,088.1 million at the end of Q3 2013, which represents a decrease of PLN 4,143.5 million or 3.8% QoQ. Excluding the FX effect, total assets of BRE Bank Group declined by 3.0%. The reduction in the total assets of the Group was predominantly driven by the scaling back of the Bank's repo / buy sell back transaction and a scheduled repayment of a loan to Commerzbank.

Assets of BRE Bank Group

Loans and advances to customers remained the largest asset category of the Group at the end of Q3 2013. Their share in total assets increased modestly to 66.6% compared to 66.4% at the end of Q2 2013. Net loans and advances to customers stood at PLN 69,312.0 million in Q3 2013 and decreased by PLN 2,592.3 million or 3.6% QoQ (excluding reverse repo / buy sell back transactions and the FX effect, net loans and advances increased by ca. 0.4%).

Gross loans and advances to corporate clients decreased to PLN 30,211.0 million, i.e. by PLN 2,312.3 million or 7.1% (excluding reverse repo / buy sell back transactions and the FX effect, the volume of loans and advances to corporate clients increased by 0.3% QoQ). The volume of loans to individuals was down by PLN 188.6 million or 0.5% QoQ to PLN 38,960.8 million. Excluding the FX effect, loans to individuals increased by approximately 0.8%. Gross loans and advances to the public sector stood at PLN 2,353.4 million in Q3 2013, and were down by PLN 85.4 million or 3.5% compared to Q2 2013.

Investment securities were the Bank's second largest asset category at the end of Q3 2013 and stood at PLN 24,894.4 million or 23.9% of total assets. The value of investment securities increased by PLN 2,212.4 million or 9.8% compared to Q2 2013.

Liabilities of BRE Bank Group

Amounts due to customers, which are the Group's principal source of funding, decreased by PLN 2,110.1 million or 3.4% in Q3 2013 (excluding repo transactions, amounts due to customers increased by 0.7%). At the end of September 2013, they amounted to PLN 60,085.1 million, representing 63.8% of total liabilities.

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Amounts due to corporate clients decreased by PLN 715.7 million or 2.6% to PLN 26,635.7 million at the end of Q3 2013. Excluding repo transactions, amounts due to corporate clients increased by 8.2%. Amounts due to retail clients decreased by PLN 1,094.3 million or 3.2% to PLN 32,594.9 million in Q3 2013.

Amounts due to the public sector stood at PLN 845.5 million, which represents a drop by PLN 300.1 million or 26.0%.

Amounts due to banks stood at PLN 21,416.2 million at the end of Q3 2013, representing 22.8% of total liabilities. Compared to Q2 2013, amounts due to banks declined by PLN 2,011.4 million or 8.6%. The change resulted partially from the repayment of loans granted by Commerzbank (CHF 350 million).

The share of equity attributable to the shareholders of BRE Bank in total liabilities of BRE Bank Group accounted for 9.5% at the end of September 2013, compared to 8.9% at the end of June 2013. At the end of September 2013, equity attributable to the shareholders of BRE Bank amounted to PLN 9,937.9 million (PLN +275.5 million or +2.9%).

Quality of the loan portfolio of BRE Bank Group

On September 30, 2013 receivables with impairment increased by 5.1% compared to Q2 2013. Consequently, the ratio of impaired loans (NPL) increased from 4.9% in Q2 2013 to 5.3% in Q3 2013.

Provisions for loans and advances to clients increased by PLN 131.5 million QoQ to PLN 2,760.9 million, including PLN 2,548.3 million in provisions for impaired receivables (compared to PLN 2,421.9 million in Q2 2013). Additionally, Incurred But Not Identified provisions (IBNI) increased from PLN 207.5 million in Q2 2013 to PLN 212.5 million in Q3 2013.

The ratio of provisions to impaired loans (including Incurred but Not identified provisions) remained among the highest in the Polish banking sector and stood at 72.0% at the end of Q3 2013 compared to 72.1% in Q2 2013.

Performance Indicators

The key performance indicators of BRE Bank Group were as follows:

	30.09.2013	30.06.2013
ROA net	1.11%	1.14%
ROE pre-tax	15.6%	16.0%
ROE net	12.6%	12.8%
C / I	46.0%	46.7%
Capital Adequacy Ratio	19.17%	18.18%
Core Tier 1	14.02%	13.10%

ROA net = net profit (including non-controlling interests)/total assets;

ROE pre-tax = profit before income tax/equity (including non-controlling interests, excluding current year's profit);

ROE net = net profit (including non-controlling interests)/equity (including non-controlling interests, excluding current year's profit);

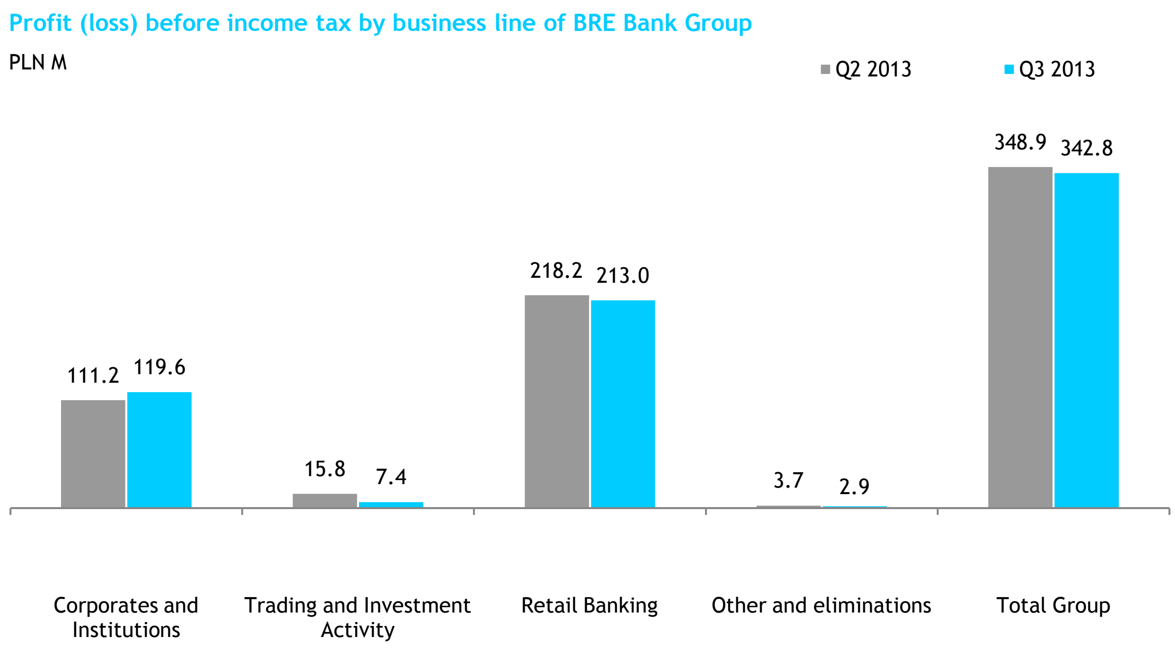
C/I = overhead costs + depreciation/total income (including net other operating income/costs);

Capital Adequacy Ratio = own funds (core funds and supplementary funds after deductions)/risk weighted assets;

Core Tier 1 Ratio = core funds after deductions/risk weighted assets.

Performance of the business segments and business lines

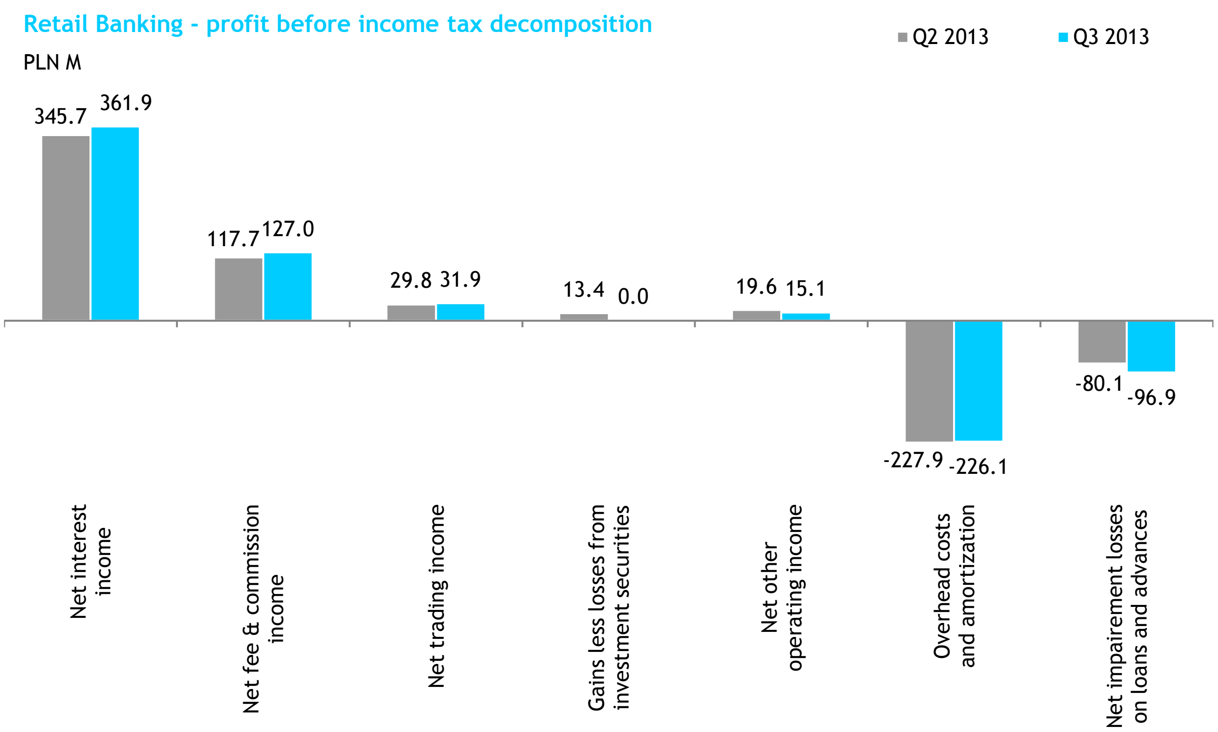
In Q3 2013, the segment of Retail Banking was the largest contributor to the Group's profit before income tax. Its contribution reached 62.1% at the end of Q3 2013. The contribution of Corporates and Financial Markets constituted 37.0% and covered the result of Corporates and Institutions (34.9%) and Trading and Investment Activity (2.1%).



Retail Banking

Summary of Segment Results

In Q3 2013, the Retail Banking segment generated a profit before income tax of PLN 213.0 million, down by PLN 5.3 million or 2.4% QoQ.



The profit before income tax of Retail Banking in Q3 2013 was predominantly driven by:

- **Increase of total income** by PLN 9.7 million or 1.8% QoQ to PLN 535.9 million. Net interest income improved by PLN 16.2 million or 4.7%, while net fee and commission income increased by PLN 9.3 million or 7.9%.
- **Decrease of overhead costs including amortisation and depreciation** by PLN 1.8 million or 0.8% QoQ to PLN 226.1 million, mainly due to lower personnel costs.

- **Increase of net impairment losses on loans and advances** compared to Q2 2013 by PLN 16.8 million or 21.0%, mainly due to higher provisions for mortgage loans and in BRE Bank Hipoteczny.

Retail Operations in Poland (mBank and MultiBank)

Customers

BRE Bank's Retail Banking in Poland had 3,659.2 thousand customers at the end of Q3 2013. The number of new customers acquired in Q3 2013 reached 42.8 thousand (+1.2%) QoQ and 176.6 thousand (+5.1%) YoY.

Deposits and Investment Funds

Retail Banking deposits stood at PLN 26,186.2 million at the end of September 2013, which represents a decrease of PLN 1,226.3 million or 4.5% QoQ and an increase of PLN 813.5 million or 3.2% YoY.

The decrease of the deposit base was accompanied by the growth in assets under management of BRE Bank retail customers (excluding Private Banking clients). These stood at PLN 2,449.1 million at the end of September 2013, up by PLN 284.7 million or 13.2% QoQ.

Loans

Net loans stood at PLN 35,890.9 million at the end of September 2013. In Q3 2013, loans decreased by PLN 176.7 million or 0.5% QoQ.

The structure of the loan portfolio was as follows:

- mortgage loans 81.5%,
- cash loans 8.1%,
- credit lines and overdrafts 5.6%,
- credit cards and charge cards 3.2%,
- other 1.5%.

Mortgage loans granted to retail customers stood at PLN 27,004.1 million at the end of Q3 2013. The main parameters of the portfolio are presented below:

Mortgage loans to households	Total
Balance-sheet value (PLN billion)	27.01
Average maturity (years)	20.99
Average value (PLN thousand)	279.83
Average LTV (%)	80.09
NPL (%)	2.08

Cards

The number of credit cards issued by the Bank until the end of Q3 2013 stood at 744.9 thousand. In Q3 2013, the number of new credit cards issued by BRE Bank reached 13.5 thousand.

The number of debit cards issued until the end of Q3 2013 stood at 5,567.0 thousand, increasing by 128.6 thousand QoQ.

Distribution Network

mBank

The distribution network of mBank comprised of 92 locations (24 Financial Centres, 68 mKiosks) and 21 Agent Service Points.

MultiBank

MultiBank's distribution network comprised of 133 outlets (71 Financial Services Centres and 62 Partner Outlets).

mBank in Czech Republic (CZ) and Slovakia (SK)

Customers

mBank in the Czech Republic and Slovakia had 662.7 thousand customers at the end of September 2013 (479.7 thousand at mBank CZ and 183.0 thousand at mBank SK). The number of customers of mBank's foreign operations grew by 14.8 thousand in Q3 2013.

Deposits

Deposits in the Czech Republic and Slovakia stood at EUR 1,187.1 million at the end of Q3 2013 (EUR 769.1 million at mBank CZ, EUR 418.0 million at mBank SK), which represents an increase by EUR 5.6 million or 0.5% QoQ.

Loans

Loans in the Czech Republic and Slovakia amounted to EUR 504.7 million at the end of Q3 2013 (EUR 414.4 million at mBank CZ, EUR 90.3 million at mBank SK), which constitutes an increase of EUR 21.8 million or 4.5% QoQ.

Distribution Network

The distribution network of mBank CZ comprised of 9 Financial Centres and 17 mKiosks.

The distribution network of mBank SK comprised of 4 Financial Centres and 5 mKiosks.

Retail Banking offer development and key highlights

- **Banks develop a common mobile payment standard.** Six Polish banks, including BRE Bank, reached an agreement on strategic cooperation in creating a common mobile payment standard.
- **mBank: leader of the instant transfers market**. According to the data of Blue Media, the key player on the instant money transfers market, customers of mBank and MultiBank had the largest share in total number of transactions which reached 34%.
- **Cooperation between BRE Bank's Retail Banking and BRE Bank Hipoteczny** in mortgage loans to individuals granted by BRE Bank Hipoteczny from September 23, 2013. The portfolio of mortgage loans of BBH will be refinanced using covered bonds.
- **Promotional offer of mBusiness account with POS terminal**. A special package designed for corporate clients includes free cash service in MultiBank outlets, free transfers from company accounts and reduced fees for lease of terminals.
- **Electronic equipment covered by mBank's insurance.** mBank's offer includes new insurance covering all sorts of electronic equipment and household appliances. A single insurance policy may cover a number of devices. The value of the equipment is estimated by the client, who is not obliged to describe the devices to be covered by the offer.

Subsidiaries of the Retail Banking area

BRE TUiR SA, BRE Ubezpieczenia Sp. z o.o. and BRE Agent Ubezpieczeniowy Sp. z o.o.

In direct area, premiums written remained at a level reported similar to Q2 2013, while in bancassurance, premiums written reached PLN 65.8 million (excluding investment products), which represents a 5.7% decrease QoQ.

In Q3 2013, the company generated a profit before income tax of PLN 18.7 million, representing an increase of PLN 1.1 million or 6.2% QoQ. In the first nine months of 2013, BRE Ubezpieczenia Group reported a growth in profit on insurance linked to cash loans, car loans, cards and bank accounts while the decrease in profit on insurance related to mortgage loans was driven by the reduction in lending activity of the Bank in that particular product area.

Aspiro SA

In Q3 2013, Aspiro offered products of 25 different financial companies, including those of mBank and MultiBank. The offering covered 55 products, including mortgage loans, cash loans, insurance products, investment products, leasing and factoring.

In Q3 2013, Aspiro reported a significant growth in the sales of mortgage loans (+29.0%) and investment products (+15.1%), compared to Q2 2013 while sales of cash loans decreased by 17.7% QoQ. At the same time, the sales of cash loans dropped by 17.7%. The sales of car loans remained unchanged compared to the previous quarter.

In Q3 2013, the profit before income tax stood at PLN 0.9 million compared to PLN 1.0 million in Q2 2013 due to a seasonal slowdown in sales.

BRE Wealth Management SA (BRE WM)

At the end of Q3 2013, BRE WM held assets under management worth PLN 4.7 billion, which represents an increase of PLN 169.5 million compared to Q2 2013.

In Q3 2013, the company's operating revenues stood at PLN 8.2 million and increased by 13.8% QoQ. The company's profit before income tax reached PLN 4.5 million compared to PLN 3.9 million in Q2 2013.

BRE Bank Hipoteczny SA (BBH)

BRE Bank Hipoteczny specialises in offering mortgage loans to commercial and residential developers as well as local governments. The company issues mortgage and public covered bonds to finance its lending operations. In connection with the project aimed at restructuring the balance sheet of BRE Bank Group with the use of a long-term source of refinancing, namely covered bonds issued by BRE Bank Hipoteczny, in September 2013 the company introduced retail loans to its offer. The retail lending activities will be developed in cooperation with BRE Bank in the scope of building a mortgage loan portfolio for individuals refinanced by covered bonds.

BBH's gross loan portfolio remained almost unchanged compared to the level reported at the end of 2012 and amounted to PLN 4.1 billion (-2.1%). At the end of Q3 2013, the nominal value of covered bonds issued by BBH amounted to PLN 2.3 billion, including PLN 80 million and EUR 30 million issued in 2013. In Q3 2013, BBH reported a pre-tax loss of PLN 7.2 million compared to a profit before income tax of PLN 4.7 million in Q2 2013, driven by an increase of impairment losses by PLN 14.8 million.

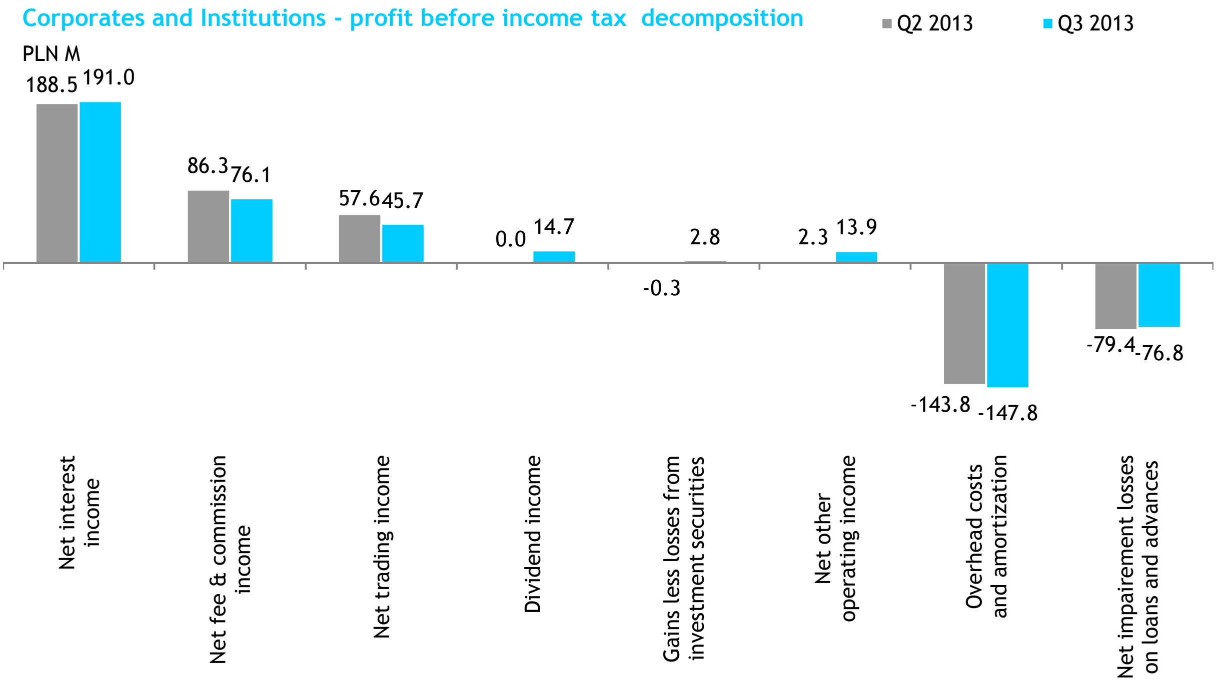
Corporates and Financial Markets

The Corporates and Financial Markets segment includes two business lines: Corporates and Institutions which covers the key area of customer relations, and Trading and Investment Activity connected with managing liquidity, risk management and relations with financial institutions.

Corporates and Institutions

Summary of Segment Results

In Q3 2013, Corporates and Institutions generated a profit before income tax of PLN 119.6 million, up by PLN 8.3 million or 7.5% QoQ.



IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

The profit before income tax of Corporates and Institutions in Q3 2013 was predominantly driven by:

- **Increase of total income** by PLN 9.8 million or 2.9% QoQ to PLN 344.2 million. Net interest income improved by PLN 2.5 million or 1.3%, while net fee and commission income decreased by PLN 10.2 million or 11.8%. In Q3 2013, net trading income was down by PLN 11.8 million or 20.5%. Moreover, the results of Corporates and Institutions in Q3 2013 were positively influenced by the dividend paid by PZU.
- **Increase of overhead costs including amortization and depreciation** by PLN 4.0 million or 2.8% QoQ to PLN 147.8 million. The increase was driven by a growth in personnel and material costs.
- **Decrease of net impairment losses on loans and advances** by PLN 2.6 million or 3.2% to PLN 76.8 million.

Number of Corporate Customers

The total number of corporate customers stood at 16,001 at the end of September 2013, which constitutes an increase by 1,119 customers YoY or by 906 customers compared to the end of 2012.

The following table presents additional details on the Bank's corporate clients structure:

	31.12.2012	31.03.2013	30.06.2013	30.09.2013
K1*	1,228	1,243	1,253	1,266
K2*	4,583	4,701	4,795	4,885
K3*	9,284	9,352	9,554	9,850
Total	15,095	15,296	15,602	16,001

**K1 is the segment of the largest corporations with annual sales over PLN 500 million; K2 is the segment of corporations with annual sales between PLN 30 and 500 million; K3 is the segment of SMEs with annual sales between PLN 3 and 30 million.*

Strategic Product Lines

Cash Management

In Q3 2013, the number of Direct Debit transactions reached 1,379.6 thousand and was up by 17.6% QoQ and by 20.2% YoY. In Q3 2013, the number of Trade Payment Identification transactions stood at ca. 2.5 million and was up by 2.6% QoQ and down by 3.5% YoY. The number of customers using the most advanced cash pooling solutions increased by 28.9% YoY. At the end of September 2013, the Bank had 909 clients using Cash Pooling and Shared Balance products.

Corporate Customers' Deposits

Deposits placed by corporate customers with BRE Bank (excluding repo transactions) stood at PLN 21,780 million at the end of September 2013 and were up by 5.4% QoQ and up by 1.0% YoY.

Deposits placed by enterprises stood at PLN 18,948 million at the end of September 2013 and were up by 10.0% QoQ and up by 3.4% YoY. In Q3 2013, the share of BRE Bank in corporate deposits market increased from 8.7% in Q2 2013 to 9.5%.

Corporate Customers' Loans

Loans granted to corporate clients by BRE Bank (excluding repo transactions) reached PLN 23,985 million at the end of September 2013 and were down by 1.3% QoQ and down by 3.5% YoY.

Loans to enterprises stood at PLN 16,868 million at the end of September 2013 and were down by 1.1% QoQ and down by 5.3% YoY. In Q3 2013, the market share of BRE Bank's lending slightly decreased from 6.3% in Q2 2013 to 6.2%. The loan to deposit ratio for enterprises reached 89.0% and was lower compared to the market average (loan to deposit ratio for the market stood at 135.3%).

Loans granted to local governments totalled PLN 1,599 million at the end of September 2013 and were down by 3.5% QoQ.

Corporate Network

At the end of September 2013, the corporate branch network of BRE Bank included 29 Branches and 18 Corporate Offices.

Development of the Corporate Banking offer

- **Escrow Account integrated with Cash Pool service.** The solution combines the best features of both products, the Bank verifies the terms and conditions for withdrawals from the escrow account and allows optimizing liquidity management (cash pool).
- **Cash service of Planet Cash ATM network.** BRE Bank began to provide cash services to a nationwide network of 371 Planet Cash ATMs. The cash service consists in making cash available in a closed circuit, fully controlled by BRE Bank. Cash is prepared in BRE Bank sorting offices and then transferred to ATMs via cash-in-transit companies which cooperate with the Bank.
- **Tokens in the form of a DisplayCard**. The new devices designed to securely log into the iBRE electronic banking system are of the size of a payment card, they are more user-friendly and offer a high level of protection to prevent the disclosure of one-time passwords to any unauthorised persons.

<u>Subsidiaries of the Corporates and Institutions area</u>

BRE Leasing Sp. z o.o.

The value of leasing contracts concluded by BRE Leasing in the movables sector only totalled PLN 529.2 million (+3.9% QoQ). The market share of BRE Leasing stood at 7.2% (6.1% in the movables market and 25.7% - the leading position - in the real estate market).

The profit before income tax in Q3 2013 stood at PLN 21.3 million, which represents an increase by 121.9% compared to Q2 2013. The growth was driven by reduced cost of risk and a VAT refund amounting to PLN 6.7 million.

BRE Faktoring SA

BRE Faktoring generated sales of PLN 2.2 billion in Q3 2013, which represents an increase of 20.4% QoQ. The company reported a slight market share increase maintaining the seventh position on the market.

The profit before income tax in Q3 2013 reached PLN 5.1 million compared to PLN 4.5 million in Q2 2013 (+14.6%), driven by increasing fee and commission income.

Transfinance a.s.

Transfinance generated sales increase to the level of PLN 6.7 billion or 13.7% QoQ, driven predominantly by an increase in domestic and export factoring (by 17.5% and 9.2% respectively).

The company's profit before income tax in Q3 2013 amounted to PLN 1.0 million, compared to PLN 0.8 million in Q2 2013.

MLV 45 Sp. z o.o. Sp. k. (formerly BRE Holding Sp. z o.o.)

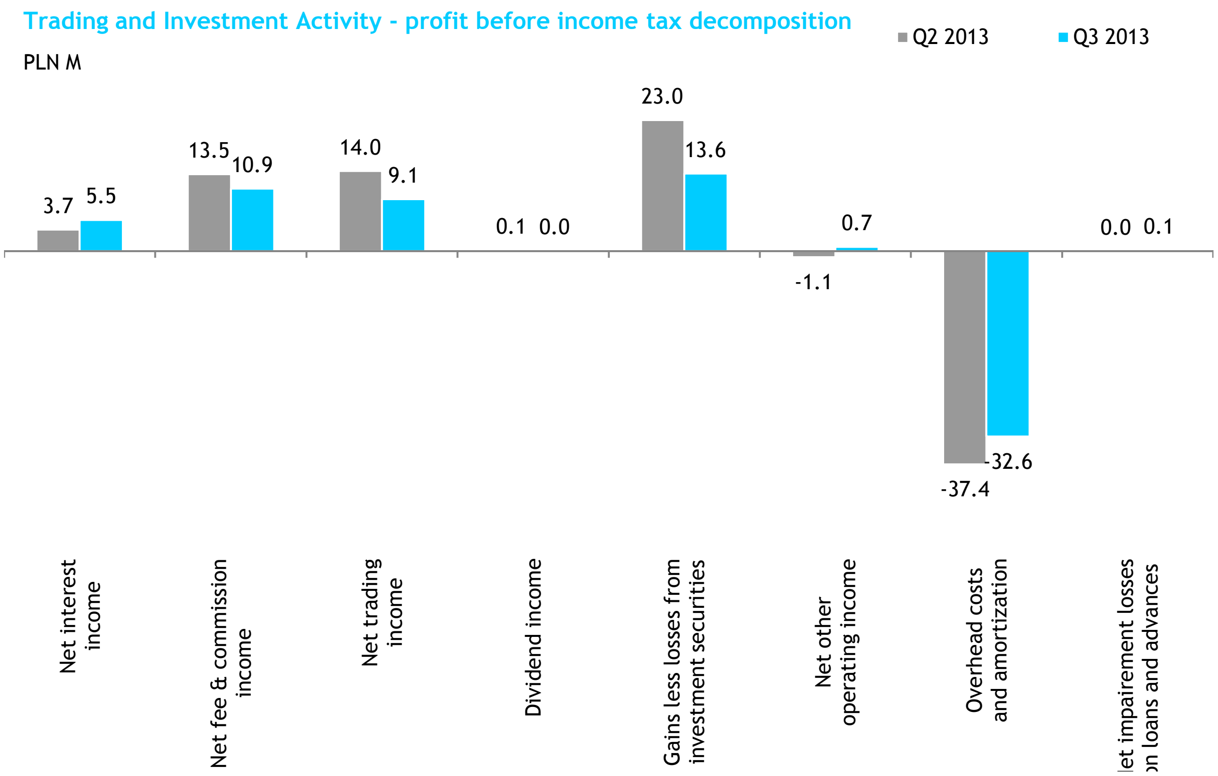
BRE Holding Sp. z o.o. was established in November 2007 with BRE Bank as its sole shareholder. The assets of BRE Holding comprise shares in BRE Bank Hipoteczny SA, BRE Faktoring SA, BRE Leasing Sp. z o.o. and BRE.locum SA, valued at PLN 536.1 million in total.

In Q3 2013, BRE Holding was transformed into a limited partnership MLV 45 Sp. z o.o. Sp. k. In Q3 2013, the company generated a pre-tax loss of PLN 79.0 thousand compared to a profit before income tax of PLN 40.7 thousand in Q2 2013.

Trading and Investment Activity

<u>Summary of Segment Results</u>

In Q3 2013, Trading and Investment Activity segment generated a profit before income tax of PLN 7.4 million compared to PLN 15.8 million in Q2 2013.



The profit before income tax of Trading and Investment Activity in Q3 2013 was predominantly driven by:

- **Decrease of total income** by PLN 13.4 million or 25.2% QoQ to PLN 39.8 million**.** Net interest income grew by PLN 1.7 million or 46.2% to PLN 5.5 million. Net fee and commission income declined by PLN 2.5 million or 18.9% QoQ. Net trading income stood at PLN 9.1 million (PLN -4.9 million or -35.2% QoQ), mainly due to reduced profit on interest rate derivatives.
- **Decrease of overhead costs including amortisation and depreciation** by PLN 4.9 million or 13.0%, mainly driven by lower personnel and material costs.

Market position

BRE Bank ranked first in mid-term bank debt securities issuance with a market share of 32.8%, second in mid-term corporate bonds issuance with a market share of 15.6% and third in the market for arranging short-term debt securities with a market share of 16.5% (all data as at the end of September 2013).

The Bank remains very active in trading of financial instruments. Its market share stood at ca. 26.9% in interest rate derivatives, treasury bonds and bills trading stood at 10.1% and in trading in FX spot and forward instruments stood at 11.8% (data as at the end of August 2013).

Subsidiaries of the Trading and Investment Activity area

Dom Inwestycyjny BRE Banku SA (DI BRE)

The market share of DI BRE in equities trading stood at 4.4% in Q3 2013, equivalent to the position of the eight biggest market participant, compared to the ninth position in Q2 2013. The activity of DI BRE in futures trading gave it the second position on the market and a market share of 18.6% in Q3 2013. DI BRE is still a market leader in options trading with a market share of 22.0%.

The number of clients of DI BRE stood at 289.4 thousand at the end of Q3 2013 and increased by 8.2 thousand QoQ.

DI BRE generated a profit before income tax of PLN 5.9 million in Q3 2013, compared to PLN 4.0 million in Q2 2013 resulting from lower costs.

BRE Finance France SA (BFF)

BRE Finance France is a special purpose vehicle set up for the purpose of acquiring funds on the international markets through the issue of eurobonds. In 2012, the Euro Medium Term Notes Programme was renewed. In September 2013, the company issued CHF 200 million bonds maturing in 2018. The settlement of the issue took place on October 8, 2013 (for more information see Major achievements of BRE Bank Group in Q3 2013 section).

In Q3 2013, the company reported a pre-tax loss of PLN 19.0 thousand.

Other subsidiaries

BRE Centrum Operacji sp. z o.o. (BRE CO)

BRE Centrum Operacji (BRE CO) cooperates with BRE Bank's corporate banking and retail banking and with BRE Bank Group subsidiaries, providing them with mail room services, electronic and paper archive services.

In Q3 2013, BRE CO generated a profit before income tax of PLN 470.0 thousand, compared to PLN 244.0 thousand in Q2 2013, The increase was mainly driven by further core cost optimization (-10.9%) while revenues from sales to BRE Bank decreased by 4.7%.

BRE.locum SA

BRE.locum is a property developer operating on the primary market for residential estate. In Q3 2013, the company sold 82 apartments in comparison to 56 apartments sold in Q2 2013. At the end of September 2013, the company was offering 554 apartments, including 453 in completed projects and 101 apartments in ongoing projects.

In Q3 2013, BRE.locum reported a profit before income tax of PLN 5.6 million compared to PLN 2.8 million a quarter earlier.

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

Consolidated income statement

	Note	3rd Quarter (current year) period from 01.07.2013 to 30.09.2013	3 Quarters (current year) period from 01.01.2013 to 30.09.2013	3rd Quarter (previous year) period from 01.07.2012 to 30.09.2012	3 Quarters (previous year) period from 01.01.2012 to 30.09.2012
Interest income	5	945 404	2 962 134	1 144 495	3 317 137
Interest expense	5	(389 049)	(1 366 991)	(571 410)	(1 638 984)
Net interest income		**556 355**	**1 595 143**	**573 085**	**1 678 153**
Fee and commission income	6	339 418	998 353	318 392	963 681
Fee and commission expense	6	(122 817)	(362 753)	(114 340)	(319 148)
Net fee and commission income		**216 601**	**635 600**	**204 052**	**644 533**
Dividend income	7	14 768	17 077	11 191	13 853
Net trading income, including:	8	86 282	264 540	99 478	280 463
Foreign exchange result		*71 698*	*215 158*	*90 376*	*243 078*
Other trading income and result on hedge accounting		*14 584*	*49 382*	*9 102*	*37 385*
Gains less losses from investment securities, investments in subsidiaries and associates	9	16 368	53 302	5 390	41 884
Other operating income	10	94 830	270 338	53 111	185 366
Net impairment losses on loans and advances	11	(173 585)	(360 698)	(134 870)	(355 648)
Overhead costs	12	(371 404)	(1 100 548)	(383 126)	(1 083 123)
Amortization and depreciation		(45 425)	(135 859)	(45 303)	(144 242)
Other operating expenses	13	(51 980)	(147 281)	(28 596)	(89 047)
Operating profit		**342 810**	**1 091 614**	**354 412**	**1 172 192**
Profit before income tax		**342 810**	**1 091 614**	**354 412**	**1 172 192**
Income tax expense		(62 838)	(214 073)	(74 499)	(241 518)
Net profit		**279 972**	**877 541**	**279 913**	**930 674**
Net profit attributable to:					
- Owners of BRE Bank SA		279 066	875 516	280 064	930 653
- Non-controlling interests		906	2 025	(151)	21

Net profit attributable to Owners of BRE Bank SA			**875 516**		**930 653**
Weighted average number of ordinary shares	14		**42 149 505**		**42 111 809**
Basic earnings per share (in PLN)	14		**20.77**		**22.10**
Weighted average number of ordinary shares for diluted earnings	14		**42 162 774**		**42 153 139**
Diluted earnings per share (in PLN)	14		**20.77**		**22.08**

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

Consolidated statement of comprehensive income

	3rd Quarter (current year) period from 01.07.2013 to 30.09.2013	3 Quarters (current year) period from 01.01.2013 to 30.09.2013	3rd Quarter (previous year) period from 01.07.2012 to 30.09.2012	3 Quarters (previous year) period from 01.01.2012 to 30.09.2012
Net profit	**279 972**	**877 541**	**279 913**	**930 674**
Other comprehensive income net of tax	**(6 841)**	**(212 185)**	**79 006**	**173 940**
Exchange differences on translation of foreign operations (net)	3	370	(544)	(2 091)
Change in valuation of available for sale financial assets (net)	(6 844)	(212 555)	79 550	176 031
Total comprehensive income net of tax, total	**273 131**	**665 356**	**358 919**	**1 104 614**
Total comprehensive income (net), attributable to:				
- Owners of BRE Bank SA	272 225	663 331	359 070	1 104 593
- Non-controlling interests	906	2 025	(151)	21

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

Consolidated statement of financial position

ASSETS	Note	30.09.2013	30.06.2013	31.12.2012	30.09.2012
Cash and balances with the Central Bank		794 706	2 039 840	4 819 203	1 476 061
Loans and advances to banks		2 935 740	4 828 511	3 944 578	4 397 325
Trading securities	15	1 402 650	1 741 743	1 150 886	2 115 535
Derivative financial instruments	16	2 309 053	2 544 434	2 802 695	1 942 500
Loans and advances to customers	17	69 312 048	71 904 305	67 059 254	69 196 618
Hedge accounting adjustments related to fair value of hedged items		1 134	1 109	2 439	2 431
Investment securities	18	24 894 354	22 681 955	19 993 388	17 857 832
Intangible assets	19	421 170	415 428	436 123	407 959
Tangible fixed assets	20	723 088	736 680	773 904	788 153
Current income tax assets		38 903	884	129	595
Deferred income tax assets	23	343 762	385 775	369 821	340 109
Other assets		911 444	950 859	883 626	1 280 409
Total assets		**104 088 052**	**108 231 523**	**102 236 046**	**99 805 527**

LIABILITIES AND EQUITY					
Liabilities					
Amounts due to the Central Bank		-	1	-	-
Amounts due to other banks		21 416 248	23 427 634	21 110 939	22 701 039
Derivative financial instruments	16	2 472 433	3 087 827	3 476 684	2 504 368
Amounts due to customers	21	60 085 074	62 195 198	57 983 600	57 228 772
Debt securities in issue		4 869 607	4 904 909	4 892 275	3 038 175
Hedge accounting adjustments related to fair value of hedged items		(5 466)	(10 282)	4 220	-
Subordinated liabilities		3 310 880	3 347 965	3 222 295	3 235 502
Other liabilities		1 751 392	1 364 546	1 394 845	1 537 920
Current income tax liabilities		5 286	18 011	226 215	192 358
Deferred income tax liabilities	23	2 870	2 559	1 662	1 554
Provisions	22	215 306	205 116	213 327	180 020
Total liabilities		**94 123 630**	**98 543 484**	**92 526 062**	**90 619 708**

Equity					
Equity attributable to Owners of BRE Bank SA		**9 937 904**	**9 662 427**	**9 685 493**	**9 161 888**
Share capital:		**3 511 146**	**3 502 396**	**3 501 633**	**3 501 141**
- Registered share capital		168 681	168 568	168 556	168 548
- Share premium		3 342 465	3 333 828	3 333 077	3 332 593
Retained earnings:		**6 155 159**	**5 881 591**	**5 700 076**	**5 425 021**
- Profit from the previous years		5 279 643	5 285 141	4 496 846	4 494 368
- Profit for the current year		875 516	596 450	1 203 230	930 653
Other components of equity		**271 599**	**278 440**	**483 784**	**235 726**
Non-controlling interests		**26 518**	**25 612**	**24 491**	**23 931**
Total equity		**9 964 422**	**9 688 039**	**9 709 984**	**9 185 819**
Total liabilities and equity		**104 088 052**	**108 231 523**	**102 236 046**	**99 805 527**

Capital adequacy ratio	24	**19.17**	**18.18**	**18.73**	**15.44**
Book value		**9 937 904**	**9 662 427**	**9 685 493**	**9 161 888**
Number of shares		**42 170 252**	**42 141 986**	**42 138 976**	**42 137 036**
Book value per share (in PLN)		**235.66**	**229.28**	**229.85**	**217.43**

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

Consolidated statement of changes in equity

Changes from 1 January to 30 September 2013

	Share capital		Retained earnings					Other components of equity		Equity attributable to Owners of BRE Bank SA, total	Non-controlling interests	Total equity
	Registered share capital	Share premium	Other supplementary capital	Other reserve capital	General banking risk reserve	Profit from the previous years	Profit for the current year	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets			
Equity as at 1 January 2013	**168 556**	**3 333 077**	**3 353 504**	**94 863**	**945 953**	**1 305 756**	**-**	**106**	**483 678**	**9 685 493**	**24 491**	**9 709 984**
Total comprehensive income							**875 516**	**370**	**(212 555)**	**663 331**	**2 025**	**665 356**
Dividends paid	-	-	-	-	-	(421 420)	-	-	-	(421 420)	-	(421 420)
Transfer to general banking risk reserve	-	-	-	-	44 000	(44 000)	-	-	-	-	-	-
Transfer to supplementary capital	-	-	764 808	-	-	(764 808)	-	-	-	-	-	-
Issue of shares	125	-	-	-	-	-	-	-	-	125	-	125
Other changes	-	-	-	-	-	-	-	-	-	-	2	2
Stock option program for employees	-	9 388	-	987	-	-	-	-	-	10 375	-	10 375
- value of services provided by the employees	-	-	-	*10 375*	-	-	-	-	-	*10 375*	-	*10 375*
- settlement of exercised options	-	*9 388*	-	*(9 388)*	-	-	-	-	-	-	-	-
Equity as at 30 September 2013	**168 681**	**3 342 465**	**4 118 312**	**95 850**	**989 953**	**75 528**	**875 516**	**476**	**271 123**	**9 937 904**	**26 518**	**9 964 422**

Changes from 1 January to 31 December 2012

	Share capital		Retained earnings					Other components of equity		Equity attributable to Owners of BRE Bank SA, total	Non-controlling interests	Total equity
	Registered share capital	Share premium	Other supplementary capital	Other reserve capital	General banking risk reserve	Profit from the previous years	Profit for the current year	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets			
Equity as at 1 January 2012	**168 411**	**3 325 401**	**2 334 675**	**81 174**	**841 953**	**1 235 355**	**-**	**1 921**	**59 865**	**8 048 755**	**23 910**	**8 072 665**
Total comprehensive income							**1 203 230**	**(1 815)**	**423 813**	**1 625 228**	**581**	**1 625 809**
Transfer to general banking risk reserve	-	-	-	-	104 000	(104 000)	-	-	-	-	-	-
Transfer to reserve capital	-	-	-	10 000	-	(10 000)	-	-	-	-	-	-
Transfer to supplementary capital	-	-	1 018 829	-	-	(1 018 829)	-	-	-	-	-	-
Issue of shares	145	-	-	-	-	-	-	-	-	145	-	145
Stock option program for employees	-	7 676	-	3 689	-	-	-	-	-	11 365	-	11 365
- value of services provided by the employees	-	-	-	*11 365*	-	-	-	-	-	*11 365*	-	*11 365*
- settlement of exercised options	-	*7 676*	-	*(7 676)*	-	-	-	-	-	-	-	-
Equity as at 31 December 2012	**168 556**	**3 333 077**	**3 353 504**	**94 863**	**945 953**	**102 526**	**1 203 230**	**106**	**483 678**	**9 685 493**	**24 491**	**9 709 984**

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

Changes from 1 January to 30 September 2012

	Share capital		Retained earnings					Other components of equity		Equity attributable to Owners of BRE Bank SA, total	Non-controlling interests	Total equity
	Registered share capital	Share premium	Other supplementary capital	Other reserve capital	General banking risk reserve	Profit from the previous years	Profit for the current year	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets			
Equity as at 1 January 2012	**168 411**	**3 325 401**	**2 334 675**	**81 174**	**841 953**	**1 235 355**	**-**	**1 921**	**59 865**	**8 048 755**	**23 910**	**8 072 665**
Total comprehensive income							**930 653**	**(2 091)**	**176 031**	**1 104 593**	**21**	**1 104 614**
Transfer to general banking risk reserve	-	-	-	-	104 000	(104 000)	-	-	-	-	-	-
Transfer to reserve capital	-	-	-	10 000	-	(10 000)	-	-	-	-	-	-
Transfer to supplementary capital	-	-	1 018 829	-	-	(1 018 829)	-	-	-	-	-	-
Issue of shares	137	-	-	-	-	-	-	-	-	137	-	137
Stock option program for employees	-	7 192	-	1 211	-	-	-	-	-	8 403	-	8 403
- value of services provided by the employees	-	-	-	*8 403*	-	-	-	-	-	*8 403*	-	*8 403*
- settlement of exercised options	-	*7 192*	-	*(7 192)*	-	-	-	-	-	-	-	-
Equity as at 30 September 2012	**168 548**	**3 332 593**	**3 353 504**	**92 385**	**945 953**	**102 526**	**930 653**	**(170)**	**235 896**	**9 161 888**	**23 931**	**9 185 819**

Consolidated statement of cash flows

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
A. Cash flows from operating activities	**(1 893 527)**	**2 545 471**
Profit before income tax	**1 091 614**	**1 172 192**
Adjustments:	***(2 985 141)***	***1 373 279***
Income taxes paid	(393 285)	(353 394)
Amortisation, including amortisation of fixed assets provided under operating lease	174 939	182 484
Foreign exchange (gains) losses related to financing activities	465 174	(1 654 343)
(Gains) losses on investing activities	(13 761)	(12 612)
Impairment of investments in subsidiaries	472	105
Dividends received	(17 077)	(13 853)
Interest income (income statement)	(2 962 134)	(3 317 137)
Interest expense (income statement)	1 366 991	1 638 984
Interest received	2 792 160	3 532 021
Interest paid	(1 498 192)	(1 364 248)
Changes in loans and advances to banks	413 294	(1 462 142)
Changes in trading securities	49 898	195 667
Changes in assets and liabilities on derivative financial instruments	(456 932)	255 953
Changes in loans and advances to customers	(2 085 275)	(1 619 388)
Changes in investment securities	(5 162 907)	2 905 788
Changes in other assets	(17 830)	(414 951)
Changes in amounts due to other banks	1 634 786	(338 946)
Changes in amounts due to customers	2 171 880	3 095 428
Changes in debt securities in issue	183 757	213 881
Changes in provisions	1 979	26 852
Changes in other liabilities	366 922	(122 870)
Net cash generated from operating activities	**(1 893 527)**	**2 545 471**
B.Cash flows from investing activities	**(99 303)**	**(140 869)**
Investing activity inflows	**52 197**	**45 544**
Disposal of shares in subsidiaries, net of cash disposed	2	13 200
Disposal of intangible assets and tangible fixed assets	21 704	18 491
Dividends received	17 077	13 853
Other investing inflows	13 414	-
Investing activity outflows	**151 500**	**186 413**
Acquisition of shares in subsidiaries	18	-
Purchase of intangible assets and tangible fixed assets	151 482	186 413
Net cash used in investing activities	**(99 303)**	**(140 869)**
C. Cash flows from financing activities	**(2 243 041)**	**(2 207 272)**
Financing activity inflows	**962 882**	**4 094 025**
Proceeds from loans and advances from other banks	82 356	84 254
Proceeds from other loans and advances	428 240	-
Issue of debt securities	452 161	4 009 634
Issue of ordinary shares	125	137
Financing activity outflows	**3 205 923**	**6 301 297**
Repayments of loans and advances from other banks	1 744 365	3 121 511
Repayments of other loans and advances	239 751	10 542
Redemption of debt securities	764 289	2 892 476
Acquisition of shares in subsidiaries - increase of involvement	1 651	-
Payments of financial lease liabilities	336	271
Dividends and other payments to shareholders	421 420	-
Interest paid from loans and advances received from other banks and from subordinated liabilities	34 111	276 497
Net cash generated from financing activities	**(2 243 041)**	**(2 207 272)**
Net increase / decrease in cash and cash equivalents (A+B+C)	**(4 235 871)**	**197 330**
Effects of exchange rate changes on cash and cash equivalents	(32 590)	(7 638)
Cash and cash equivalents at the beginning of the reporting period	7 578 317	4 675 211
Cash and cash equivalents at the end of the reporting period	**3 309 856**	**4 864 903**

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

BRE Bank SA stand-alone financial information

Income statement

	Note	3rd Quarter (current year) period from 01.07.2013 to 30.09.2013	3 Quarters (current year) period from 01.01.2013 to 30.09.2013	3rd Quarter (previous year) period from 01.07.2012 to 30.09.2012	3 Quarters (previous year) period from 01.01.2012 to 30.09.2012
Interest income		866 084	2 717 964	1 044 619	3 024 236
Interest expense		(362 433)	(1 276 396)	(525 062)	(1 504 271)
Net interest income		**503 651**	**1 441 568**	**519 557**	**1 519 965**
Fee and commission income		288 096	840 756	267 098	798 294
Fee and commission expense		(111 038)	(324 586)	(94 119)	(269 035)
Net fee and commission income		**177 058**	**516 170**	**172 979**	**529 259**
Dividend income		14 750	52 109	518	35 620
Net trading income, including:		84 632	248 397	97 235	271 922
Foreign exchange result		*72 814*	*208 949*	*89 274*	*239 722*
Other trading income and result on hedge accounting		*11 818*	*39 448*	*7 961*	*32 200*
Gains less losses from investment securities, investments in subsidiaries and associates		16 368	53 540	2 882	29 007
Other operating income		15 280	62 416	15 301	46 079
Net impairment losses on loans and advances		(154 625)	(317 540)	(126 124)	(321 251)
Overhead costs		(310 910)	(914 247)	(318 685)	(889 905)
Amortization and depreciation		(38 888)	(116 411)	(38 613)	(125 091)
Other operating expenses		(20 920)	(57 508)	(11 437)	(34 044)
Operating profit		**286 396**	**968 494**	**313 613**	**1 061 561**
Profit before income tax		**286 396**	**968 494**	**313 613**	**1 061 561**
Income tax expense		(51 850)	(185 455)	(66 848)	(214 149)
Net profit		**234 546**	**783 039**	**246 765**	**847 412**

Net profit			**783 039**		**847 412**
Weighted average number of ordinary shares	**14**		**42 149 505**		**42 111 809**
Basic earnings per share (in PLN)	**14**		**18.58**		**20.12**
Weighted average number of ordinary shares for diluted earnings	**14**		**42 162 774**		**42 153 139**
Diluted earnings per share (in PLN)	**14**		**18.57**		**20.10**

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

BRE Bank SA stand-alone financial information

Statement of comprehensive income

	3rd Quarter (current year) period from 01.07.2013 to 30.09.2013	3 Quarters (current year) period from 01.01.2013 to 30.09.2013	3rd Quarter (previous year) period from 01.07.2012 to 30.09.2012	3 Quarters (previous year) period from 01.01.2012 to 30.09.2012
Net profit	**234 546**	**783 039**	**246 765**	**847 412**
Other comprehensive income net of tax	**(6 080)**	**(213 364)**	**89 652**	**191 458**
Exchange differences on translation of foreign operations (net)	823	44	302	164
Change in valuation of available for sale financial assets (net)	(6 903)	(213 408)	89 350	191 294
Total comprehensive income net of tax, total	**228 466**	**569 675**	**336 417**	**1 038 870**

BRE Bank SA stand-alone financial information

Statement of financial position

ASSETS	30.09.2013	30.06.2013	31.12.2012	30.09.2012
Cash and balances with the Central Bank	781 244	2 034 442	4 816 095	1 471 138
Loans and advances to banks	3 880 951	5 809 796	5 052 629	5 515 413
Trading securities	1 475 365	1 873 558	1 528 994	2 296 826
Derivative financial instruments	2 305 609	2 554 875	2 796 542	1 929 333
Loans and advances to customers	64 709 869	67 274 334	62 100 314	64 329 624
Hedge accounting adjustments related to fair value of hedged items	1 134	1 109	2 439	2 431
Investment securities	24 740 583	22 462 925	19 740 852	18 102 479
Investments in subsidiaries	653 181	653 623	937 336	548 670
Intangible assets	375 185	368 483	389 325	361 844
Tangible fixed assets	453 987	462 604	480 647	489 500
Current income tax assets	38 047	-	-	-
Deferred income tax assets	108 389	147 781	127 505	94 584
Other assets	208 557	209 673	176 298	420 961
Total assets	**99 732 101**	**103 853 203**	**98 148 976**	**95 562 803**
LIABILITIES AND EQUITY				
Liabilities				
Amounts due to the Central Bank	-	1	-	-
Amounts due to other banks	20 880 552	22 865 863	20 241 514	21 795 359
Derivative financial instruments	2 481 082	3 063 379	3 481 294	2 511 006
Amounts due to customers	61 685 821	63 919 189	59 881 918	56 950 776
Hedge accounting adjustments related to fair value of hedged items	(5 466)	(10 282)	4 220	-
Debt securities in issue	456 816	452 029	659 048	895 234
Subordinated liabilities	3 310 880	3 347 965	3 222 295	3 235 502
Other liabilities	1 466 622	989 084	1 147 996	1 235 243
Current income tax liabilities	-	14 393	217 940	183 925
Provisions for deferred income tax	81	84	79	79
Provisions	133 101	120 604	128 815	97 363
Total liabilities	**90 409 489**	**94 762 309**	**88 985 119**	**86 904 487**
Equity				
Share capital	**3 511 146**	**3 502 396**	**3 501 633**	**3 501 141**
- Registered share capital	168 681	168 568	168 556	168 548
- Share premium	3 342 465	3 333 828	3 333 077	3 332 593
Retained earnings:	**5 538 490**	**5 309 442**	**5 175 884**	**4 821 334**
- Profit for the previous year	4 755 451	4 760 949	3 976 400	3 973 922
- Net profit for the current year	783 039	548 493	1 199 484	847 412
Other components of equity	**272 976**	**279 056**	**486 340**	**335 841**
Total equity	**9 322 612**	**9 090 894**	**9 163 857**	**8 658 316**
Total liabilities and equity	**99 732 101**	**103 853 203**	**98 148 976**	**95 562 803**
Capital adequacy ratio	**20.88**	**19.86**	**19.66**	**16.72**
Book value	**9 322 612**	**9 090 894**	**9 163 857**	**8 658 316**
Number of shares	**42 170 252**	**42 141 986**	**42 138 976**	**42 137 036**
Book value per share (in PLN)	**221.07**	**215.72**	**217.47**	**205.48**

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

BRE Bank SA stand-alone financial information

Statement of changes in equity

Changes from 1 January to 30 September 2013

	Share capital		Retained earnings					Other components of equity		Total equity
	Registered share capital	Share premium	Other supplementary capital	Other reserve capital	General banking risk reserve	Profit from the previous years	Profit for the current year	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets	
Equity as at 1 January 2013	**168 556**	**3 333 077**	**3 027 390**	**23 867**	**925 143**	**1 199 484**	**-**	**(7 778)**	**494 118**	**9 163 857**
Total comprehensive income							**783 039**	**44**	**(213 408)**	**569 675**
Dividends paid	-	-	-	-	-	(421 420)	-	-	-	(421 420)
Transfer to general banking risk reserve	-	-	-	-	40 000	(40 000)	-	-	-	-
Transfer to supplementary capital	-	-	738 064	-	-	(738 064)	-	-	-	-
Issue of shares	125	-	-	-	-	-	-	-	-	125
Stock option program for employees	-	9 388	-	987	-	-	-	-	-	10 375
- value of services provided by the employees	-	-	-	*10 375*	-	-	-	-	-	*10 375*
- settlement of exercised options	-	*9 388*	-	*(9 388)*	-	-	-	-	-	-
Equity as at 30 September 2013	**168 681**	**3 342 465**	**3 765 454**	**24 854**	**965 143**	**-**	**783 039**	**(7 734)**	**280 710**	**9 322 612**

Changes from 1 January to 31 December 2012

	Share capital		Retained earnings					Other components of equity		Total equity
	Registered share capital	Share premium	Other supplementary capital	Other reserve capital	General banking risk reserve	Profit from the previous years	Profit for the current year	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets	
Equity as at 1 January 2012	**168 411**	**3 325 401**	**2 061 378**	**20 178**	**825 143**	**1 066 012**	**-**	**(8 333)**	**152 716**	**7 610 906**
Total comprehensive income							**1 199 484**	**555**	**341 402**	**1 541 441**
Transfer to general banking risk reserve	-	-	-	-	100 000	(100 000)	-	-	-	-
Transfer to supplementary capital	-	-	966 012	-	-	(966 012)	-	-	-	-
Issue of shares	145	-	-	-	-	-	-	-	-	145
Stock option program for employees	-	7 676	-	3 689	-	-	-	-	-	11 365
- value of services provided by the employees	-	-	-	*11 365*	-	-	-	-	-	*11 365*
- settlement of exercised options	-	*7 676*	-	*(7 676)*	-	-	-	-	-	-
Equity as at 31 December 2012	**168 556**	**3 333 077**	**3 027 390**	**23 867**	**925 143**	**-**	**1 199 484**	**(7 778)**	**494 118**	**9 163 857**

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

Changes from 1 January to 30 September 2012

	Share capital		Retained earnings					Other components of equity		Total equity
	Registered share capital	Share premium	Other supplementary capital	Other reserve capital	General banking risk reserve	Profit from the previous years	Profit for the current year	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets	
Equity as at 1 January 2012	**168 411**	**3 325 401**	**2 061 378**	**20 178**	**825 143**	**1 066 012**	**-**	**(8 333)**	**152 716**	**7 610 906**
Total comprehensive income							**847 412**	**164**	**191 294**	**1 038 870**
Transfer to general banking risk reserve	-	-	-	-	100 000	(100 000)	-	-	-	-
Transfer to supplementary capital	-	-	966 012	-	-	(966 012)	-	-	-	-
Issue of shares	137	-	-	-	-	-	-	-	-	137
Stock option program for employees	-	7 192	-	1 211	-	-	-	-	-	8 403
- value of services provided by the employees	-	-	-	*8 403*	-	-	-	-	-	*8 403*
- settlement of exercised options	-	*7 192*	-	*(7 192)*	-	-	-	-	-	-
Equity as at 30 September 2012	**168 548**	**3 332 593**	**3 027 390**	**21 389**	**925 143**	**-**	**847 412**	**(8 169)**	**344 010**	**8 658 316**

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

BRE Bank SA stand-alone financial information

Statement of cash flows

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
A. Cash flows from operating activities	(3 084 763)	2 076 934
Profit before income tax	968 494	1 061 561
Adjustments:	*(4 053 257)*	*1 015 373*
Income taxes paid	(368 040)	(332 106)
Amortisation	116 411	125 091
Foreign exchange (gains) losses on financing activities	471 499	(1 650 260)
(Gains) losses on investing activities	(13 683)	(2 243)
Impairment of investments in subsidiaries	472	105
Dividends received	(52 109)	(35 620)
Interest income (income statement)	(2 717 964)	(3 024 236)
Interest expenses (income statement)	1 276 396	1 504 271
Interest received	2 780 947	3 107 024
Interest paid	(1 515 463)	(1 186 519)
Changes in loans and advances to banks	145 992	(906 051)
Changes in trading securities	344 107	253 535
Changes in assets and liabilities on derivative financial instruments	(467 844)	274 748
Changes in loans and advances to customers	(2 652 829)	(2 837 297)
Changes in investment securities	(5 263 977)	3 061 924
Changes in other assets	(32 942)	(96 737)
Changes in amounts due to other banks	1 663 958	(244 141)
Changes in amounts due to customers	1 901 134	3 043 483
Changes in debt securities in issue	(2 610)	8 545
Changes in provisions	4 286	25 059
Changes in other liabilities	329 002	(73 202)
Net cash generated from operating activities	(3 084 763)	2 076 934
B.Cash flows from investing activities	260 077	(72 974)
Investing activity inflows	361 467	37 951
Disposal of shares in subsidiaries	2	56
Disposal of intangible assets and tangible fixed assets	493	2 275
Dividends received	52 109	35 620
Other investing inflows	308 863	-
Investing activity outflows	101 390	110 925
Acquisition of shares in subsidiaries	18	-
Purchase of intangible assets and tangible fixed assets	101 372	110 925
Net cash used in investing activities	260 077	(72 974)
C. Cash flows from financing activities	(1 846 652)	(1 335 822)
Financing activity inflows	510 721	2 844 556
Proceeds from loans and advances from other banks	82 356	84 254
Proceeds from other loans and advances	428 240	-
Issue of debt securities	-	2 760 165
Issue of ordinary shares	125	137
Financing activity outflows	2 357 373	4 180 378
Repayments of loans and advances from other banks	1 439 808	2 012 356
Repayments of other loans and advances	239 751	10 542
Redemption of debt securities	204 289	1 873 476
Acquisition of shares in subsidiaries - increase of involvement	11 000	-
Payments of financial lease liabilities	6 994	7 982
Dividends and other payments to shareholders	421 420	-
Interest paid from loans and advances received from other banks and from subordinated liabilities	34 111	276 022
Net cash from financing activities	(1 846 652)	(1 335 822)
Net increase / decrease in cash and cash equivalents (A+B+C)	(4 671 338)	668 138
Effects of exchange rate changes on cash and cash equivalents	(38 881)	(10 778)
Cash and cash equivalents at the beginning of the reporting period	7 994 650	4 583 895
Cash and cash equivalents at the end of the reporting period	3 284 431	5 241 255

Explanatory notes to the consolidated financial statements

1. Information regarding the Group of BRE Bank SA

The Group of 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 segment, retail banking segment and other) with an 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 and 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 30 September 2013, BRE Bank Group covered by the condensed 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 Registration 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 Register (KRS) under number KRS 0000025237.

According to the Polish Classification of Business Activities, the business of the Bank was classified as 'Other monetary intermediation' under number 6419Z. According to the Stock Exchange Quotation, the Bank is classified as 'Banks' sector as part 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 and advisory services in financial matters, as well as of conducting 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 activities as well as brokerage activities.

The Bank provides services to Polish and international corporations and individuals, both in the local currency (Polish Zloty, PLN) and in foreign currencies.

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

The Bank conducts retail banking business in Czech Republic and Slovakia through its foreign mBank branches in these countries.

As at 30 September 2013, the headcount of BRE Bank SA amounted to 4 660 FTEs (Full Time Equivalents) and of the Group to 6 052 FTEs (30 September 2012: Bank 4 687 FTEs, Group 6 124 FTEs).

As at 30 September 2013, the employment in BRE Bank SA was 5 642 persons and in the Group 7 807 persons (30 September 2012: Bank 5 626 persons, Group 8 034 persons).

The business activities of the Group are conducted in the following business segments presented in detail in Note 4.

Corporates and Financial Markets Segment, including:

Corporates and Institutions

- BRE Faktoring SA, subsidiary
- BRE Leasing Sp. z o.o., subsidiary
- Garbary Sp. z o.o., subsidiary
- MLV 45 Sp. z o.o. spółka komandytowa, subsidiary
- Transfinance a.s., subsidiary

Trading and Investment

- BRE Finance France SA, subsidiary
- Dom Inwestycyjny BRE Banku SA, subsidiary

Retail Banking Segment (including Private Banking)

- Aspiro SA, subsidiary
- BRE Bank Hipoteczny SA, subsidiary
- BRE Wealth Management SA, subsidiary
- BRE Ubezpieczenia TUiR SA, subsidiary, insurer
- BRE Ubezpieczenia Sp. z o.o., subsidiary, insurance agent
- BRE Agent Ubezpieczeniowy Sp. z o.o., subsidiary, insurance agent

Other

- BRE Centrum Operacji Sp. z o.o., subsidiary
- BRE.locum SA, subsidiary

Other information concerning companies of the Group

From the beginning of 2013, there was a change in the assignment to a segment of BRE Bank Hipoteczny. The company was assigned to the Retail Banking Segment (previously was part of Trading and Investment).

In the third quarter of 2013, BRE Holding Sp. z o.o. was transformed into MLV 45 Sp. z o.o. spółka komandytowa. The transformation was related to the planned creation of the Capital Tax Group within the BRE Bank SA Group.

A detailed description of the business of the companies of BRE Bank SA Group was presented in the Explanatory Notes to the Consolidated Financial Statements for 2012, published on 7 March 2013.

Additionally, information concerning the business conducted by the Group's entities is presented under Note 4 'Business Segments' of these Condensed Consolidated Financial Statements.

2. Description of relevant accounting policies

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

2.1 Accounting basis

The Condensed Consolidated Financial Statements of BRE Bank SA Group have been prepared for the 9-month period ended 30 September 2013.

The presented Condensed Consolidated Financial Statements for the third quarter of 2013 fulfill the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting', concerning interim financial statements.

The presented Condensed Consolidated Financial Statements for the third quarter of 2013 should be read in conjunction with the Consolidated Financial Statements of BRE Bank SA Group for the year ended 31 December 2012, which have been prepared in accordance with IFRSs.

The data presented in the BRE Bank SA Group Condensed Consolidated Financial Statements for the first half of 2013 and the first half of 2012 have been reviewed by the auditor, while the data for the year 2012 was audited by the auditor.

The preparation 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 where estimates or judgments are material to the consolidated financial statements are disclosed in Note 3.

2.2 Consolidation

Subsidiaries

Subsidiaries comprise entities (including special purpose vehicles) over which the Group has the power to manage their 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 acquisition 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. 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 non controlling 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 recognised directly in the income statement (see Note 2.18).

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction (i.e. transactions with owners in their capacity as owners).

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

The company also applies accounting policies in line with IFRS 3 Business Combinations to combinations of bussines under common control.

Consolidation does not cover those companies whose scale of business operations is immaterial in relation to the volume of business of the Group. Those companies were recognised at cost less impairment.

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 recognised 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 income statement, whereas its share in other comprehensive income since the date of acquisition – in other comprehensive income. The carrying amount of the investment is adjusted by the total changes 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. Accounting policies applied by associates have been adjusted, wherever necessary, to assure consistency with the accounting principles applied by the Group.

The condensed consolidated financial statements of the Bank cover the following companies.

Company	30.09.2013		30.09.2012	
	Share in voting rights (directly and indirectly)	Consolidation method	Share in voting rights (directly and indirectly)	Consolidation method
Aspiro SA	100%	full	100%	full
BRE Agent Ubezpieczeniowy Sp. z o.o.	100%	full	100%	full
BRE Bank Hipoteczny SA	100%	full	100%	full
BRE Centrum Operacji Sp. z o.o.	100%	full	100%	full
BRE Faktoring SA	100%	full	100%	full
BRE Leasing Sp. z o.o.	100%	full	100%	full
BRE Ubezpieczenia Sp. z o.o.	100%	full	100%	full
BRE Ubezpieczenia TUiR SA	100%	full	100%	full
BRE Wealth Management SA	100%	full	100%	full
Dom Inwestycyjny BRE Banku SA	100%	full	100%	full
Garbary Sp. z o.o.	100%	full	100%	full
MLV 45 Sp. z o.o. spółka komandytowa (previously BRE Holding Sp. z o.o.)	100%	full	100%	full
Transfinance a.s.	100%	full	100%	full
BRE Finance France SA	99.98%	full	99.98%	full
BRE.locum SA	79.99%	full	79.99%	full
BRE GOLD FIZ Aktywów Niepublicznych	-	-	100% of certificates	full

2.3 Interest income and expenses

All interest income on financial instruments carried at amortised cost using the effective interest rate method is recognised in the income statement.

The effective interest rate method is a method of calculation of the amortised initial value of financial assets or financial liabilities and allocation of interest income or interest expense 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 terms of the financial instrument, but without taking into account possible future losses on account of non-recovered loans and advances. This calculation takes into account all the fees paid or received between the parties to the contract, 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 income statement and on the other side in the statement of financial position as receivables from banks or from other customers.

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

Income and expenses related to the interest component of the result on interest rate derivatives and resulting from current calculation of swap points on currency derivatives classified into banking book are presented in the interest results in the position Interest income/expense on derivatives classified into banking book. The banking book includes transactions, which are not concluded for trading purposes i.e. not aimed at generating a profit in a short-term period (up to 6 months) and those that do not constitute hedging a risk arising from the operations assigned into trading book.

Interest income and interest expenses related to the interest measurement component of derivatives concluded as hedging instruments under fair value hedge are presented in the interest result in the position interest income/expense on derivatives concluded under the hedge accounting.

2.4 Fee and commission income

Income on account of fees and commissions is recognised on the accrual basis, at the time of performance of the respective services. Fees charged for the granting of loans which are likely to be drawn down are deferred (together with the related 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. The same principle is applied in the case of management of client assets, financial planning and custody services, which are continuously provided over an extended period of time.

Fee and commissions collected by the Group on account of issuance, renewal and change in the limit of credit and payment cards, guarantees granted as well as opening, extension and increase of letters of credit are accounted for a straight-line basis.

Fee and commissions collected by the Group on account of cash management operations, keeping of customer accounts, money transfers and brokerage business activities are recognised directly in the income statement.

Additionally, fee and commission income on insurance activity comprises income on services provided by an 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 insurance agent is recognised at the time of performance of the services in the net amount, after deduction of expenses of services provided by the entities from outside of the Group.

The Group's fee and commission income comprises also income from offering insurance products of third parties. The method of recognizing these fees in the profit and loss account depends in particular on the voluntary nature of insurance, profitability of the linked product and amount of premiums compared to similar instruments offered on the market. In case when such fees are partly recognized in revenues upfront and partly accrued over time on a linear basis over the lifetime of the insurance contract, the Group additionally defers part of revenues due to a potential return of part of the fees triggered by earlier termination of the insurance contract.

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 cover. 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 relate to 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, together with costs of claims handling and costs of enforcement of recourses, less received returns, recourses and any recoveries, including recoveries from sale of remains after claims and reduced by reinsurers' share in these positions. Costs of claims handling and costs of enforcement 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 together with insurance premium revenue recognition under other operating income in the consolidated financial statements of the Group.

2.7 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. As defined in IFRS 8, the Group has determined the Management Board of the Bank as its chief operating decision-maker.

In accordance with IFRS 8, the Group has the following business segments: Retail Banking, Corporates and Financial Markets including the sub-segments Corporates and Institutions as well as Trading and Investment Acivity, and the Other business.

2.8 Financial assets

The Group classifies its financial assets to the following categories: financial assets valued at fair value through the income statement; 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.

Standardised purchases and sales of financial assets at fair value through the income statement, held to maturity and available for sale are recognised on the settlement date – the date on which the Group delivers or receives the asset. Changes in fair value in the period between trade and settlement date with respect to assets carried at fair value is recognised in profit or loss or in other components of equity. Loans are recognised when cash is advanced to the borrowers. Derivative financial instruments are recognised beginning from the date of transaction.

<u>Financial assets valued at fair value through the income statement</u>

This category comprises two subcategories: financial assets held for trading and financial assets designated at fair value through the income statement upon initial recognition. 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 and equity securities held for trading are accounted according to the weighted average method.

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

- assets/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),
- upon initial recognition, assets/liabilities are designated by the entity at fair value through the income statement.

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 income statement unless:

- the embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or
- 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 income statement when doing so results in more relevant information, because either:

- 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
- 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 (Note 2.3), except for derivatives the recognition of which is discussed in Note 2.15, is recognised in net interest income. The valuation and result on disposal of financial assets/financial liabilities designated at fair value is recognised in trading income.

Loans and receivables

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

Held to maturity investments

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

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

In reporting periods presented in these financial statements, there were no assets held to maturity at the Group.

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 investment securities.

Available for sale financial assets and financial assets measured at fair value through the income statement are valued at the end of the reporting period 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. Gains and losses resulting from changes in the fair value of 'financial assets measured at fair value through the income statement' are recognised in the income statement 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 in other comprehensive income until the derecognition of the respective financial asset in the statement of financial position or until its impairment: at such time the aggregate net gain or loss previously recognised in other comprehensive income is now recognised in the income statement. However, interest calculated using the effective interest rate is recognised in the income statement. Dividends on available for sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

The fair value of quoted investments in active markets is based on current market 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.

2.9 Reinsurance assets

The Group transfers insurance risks to reinsurers in the course of typical operating activities in 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 the 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 recognition of impairment, then the previously recognised impairment loss is reversed as an adjustment of the impairment loss through the consolidated income statement.

The reversal cannot cause an increase of the carrying amount of the financial asset more than the amount which would constitute the amortised cost of this asset on the reversal date if the recognition of the 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 statement of financial position 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 the end of the reporting period, 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. Loss events were divided into definite ('hard') loss events of which occurrence requires that the client be classified into the default category, and indefinite ('soft') loss events of which occurrence may imply that there is a need to classify the client into the default category.

The list of definite loss events:

1. Default or delinquency in interest or principal payments.
2. The Bank has sold exposures with a significant economic loss related to the change of the debtor creditworthiness.
3. The Bank performed enforced restructuring of the exposure, which resultes in the change of the loan/transaction service schedule due to the lack of possibility of the obligor to meet his obligations under loan/transaction agreement, as initially stipulated, which resulted in:
   a) reduction of financial obligations by remitting part of these obligations, or
   b) postponing the repayment of the substantial part of the principal, interest or (if it refers to) commission; provided that the lack of approval for restructuring would cause more than 90 calendar days delay in repayment of substantial part of the obligation.
4. Filing by the Bank, the parent or subsidiary entity of the Bank a bankruptcy motion against debtor or filing similar motion in respect of credit obligations of the debtor towards the Bank, the parent or subsidiary entity of the Bank.
5. Bankruptcy of debtor or acquiring by him a similar legal protection resulting in his evasion of or delay in repayment of credit obligations towards the Bank, the parent or subsidiary entity of the Bank.
6. Termination of part or whole credit agreement by the Bank and the beginning of restructuring/collection procedures.
7. Client's fraud.

The list of required conditions for indefinite loss events is prepared separately for each entity type.

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 impairment of 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 statement of financial position 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 income statement. 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 reduce the amount of the provision for loan impairment in the income statement.

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 income statement.

Assets measured at fair value

At the end of the reporting period the Group 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 when 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 other comprehensive income and recognised in the income statement. The above indicated difference should be reduced by the impairment concerning the given asset which was previously recognised in the income statement. Impairment losses concerning equity instruments recorded in the income statement are not reversed through the income statement, but through other comprehensive income. 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 income statement, then the respective impairment loss is reversed in the income statement.

Renegotiated agreements

The Group considers renegotiations on contractual terms of loans and advances as impairment indicator 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

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

- the amount determined in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', and
- the amount initially recognised less, when appropriate, cumulative amortization recognised 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 government securities acquired for the purpose of short-term resale.

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/sell buy back) 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. Securities purchased together with a resale clause (reverse repos/buy sell back) are recognised as loans and advances to other banks or other customers, depending on their nature.

When concluding a repo or reverse repo transaction, 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 statement of financial position 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 recognised in the financial statements, unless they are sold to third parties. In such case the purchase and sale transactions are recorded with a gain or a 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 statement of financial position 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). If 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, then the Group recognises the respective gains or losses from the first day in accordance with the principles described under Note 2.16.

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 income statement. Embedded derivative instruments of this kind are measured at fair value and the changes in fair value are recognised in the income statement.

In accordance with IAS 39 AG 30: (i), 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 related to the underlying debt instrument, the option should be separated and fair valued in the consolidated financial statements of the Group; (ii), exercise price of a prepayment option reimburses the lender for an amount up to the approximate present value of lost interest for the remaining term of the host contract. Lost interest is the product of the principal amount prepaid multiplied by the interest rate differential. The interest rate differential is the excess of the effective interest rate of the host contract over the effective interest rate the entity would receive at the prepayment date if it reinvested the principal amount prepaid in a similar contract for the remaining term of the host contract.

The assessment of whether the call or put option is closely related to the host debt contract is made before separating the equity element of a convertible debt instrument in accordance with IAS 32.

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:

- 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.
- 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.
- 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.
- 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.

- 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 the effectiveness 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.

Due to the split of derivatives classified into banking book and into trading book, the Group applies a different approach to the presentation of interest income/expense for each of these groups of derivatives that is described in Note 2.3 'Interest income and expenses'. The remaining result from fair value measurement of derivatives is recognised in Net trading income.

Detailed information on the restatement of comparative data related to changes in the presentation of interest income/expense on derivatives classified into banking book and derivatives concluded under the hedge accounting are included in Note 2.32 'Comparative data'.

Fair value hedges

Changes in the fair value of derivative instruments designated and qualifying as fair value hedges are recognised in the income statement 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 income statement over the period to maturity. The adjustment to the carrying amount of the hedged equity security remains in other comprehensive income 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 other comprehensive income. The gain or loss concerning the ineffective part is recognised in the income statement of the current period.

The amounts recognised in other comprehensive income are transferred to the income statement and recognised as income or cost of the same period in which the hedged item will affect the income statement (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 other comprehensive income remain in other comprehensive income until the time of recognition in the income statement of the forecast transaction. When a forecast transaction is no longer expected to occur, the aggregate gains or losses recorded in other comprehensive income are immediately transferred to the income statement.

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 income statement of the current period.

The Group holds the following derivative instruments in its portfolio:

Market risk instruments:

- Futures contracts for bonds, index futures
- Options for securities and for stock-market indices
- Options for futures contracts
- Forward transactions for securities
- Commodity swaps

Interest rate risk instruments:

- Forward Rate Agreement (FRA)
- Interest Rate Swap (IRS), Overnight Index Swap (OIS)
- Interest Rate Options

Foreign exchange risk instruments:

- Currency forwards, fx swap, fx forward
- Cross Currency Interest Rate Swap (CIRS)
- Currency options.

2.16 Gains and losses on initial recognition

The best evidence of fair value of a financial instrument 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 (without modification) 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 initial 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 amortised over the period of time.

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 date, 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 and deposits taken

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 income statement 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 amortization. Accumulated amortization 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 statement of financial position 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 or groups of cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose and identified in accordance with IFRS 8.

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 fulfil 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 utilisation. The Group shows separately additions from internal development and separately those acquired through business combinations.

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 statement of financial position 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 account the expenses directly attached to the acquisition of the respective assets.

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

Accounting principles concerning assets held for liquidation or withdrawal from usage are described under Note 2.21.

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 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 structures 25-40 years,
- Equipment 5-15 years,
- Vehicles 5 years,
- Information technology hardware 3.33-5 years,
- Investments in third party fixed assets 10-40 years or the period of the lease contract,
- Office 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 the end of the reporting period 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 statement of financial position might not be possible to be recovered. The value of a fixed asset carried in the statement of financial position is reduced to the level of its recoverable value if the carrying value in the statement of financial position exceeds the estimated 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 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 statement of financial position and they are recognised in the income statement.

2.20 Inventories

Inventories are stated at the lower of: cost of purchase/cost of construction and net realisable value. Cost of construction of inventories comprises direct construction costs, the relevant portion of fixed indirect production costs incurred in the construction process and the borrowing costs, which can be directly allocated to the purchase or construction of an asset. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling costs. The amount of any inventory write-downs to the net realisable value and any inventory losses are recorded as costs of the period in which a write-down or a loss occurred and they are classified as the cost of finished goods sold. Reversals of inventory write-downs resulting from increases in their net realisable value are recorded as a reduction of the inventories recognised as cost of the period in which the reversals took place. Inventory issues are valued through detailed identification of the individual purchase prices or costs of construction of the assets which relate to the realisation of the individual separate undertakings. In particular, inventories comprise land and rights to perpetual usufruct of land designated for use as part of construction projects carried out. They also comprise assets held for lease as well as assets taken over as a result of terminated lease agreements.

2.21 Non-current assets held for sale and discontinued operations

The Group classifies a 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 its 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, amortization or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

Discontinued operations are a component of the Group that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operation or is a subsidiary acquired exclusively with a view to resale.

The classification to this category takes places at the moment of sale or when the operation meets criteria of the operation classified as held for sale, if this moment took place previously. Disposal group which is to be taken out of usage may also be classified as discontinued operation.

2.22 Deferred income tax

The Group creates a deferred income tax on the temporary difference arising between the carrying amount of an asset or liability in the statement of financial position and its tax base. A taxable net difference is recognised in liabilities as 'Provisions for deferred income tax'. A deductible net difference is recognised under 'Deferred income tax assets'. Any change in the balance of the deferred tax assets and liabilities 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. Such liabilities or assets are determined by application of the tax rates in force by virtue of law or of actual obligations at the end of the reporting period. 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, amortization of fixed assets and intangible assets, finance leases treated as operating leases for tax purposes, 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 to the extent it is probable that there will be sufficient taxable profits to allow them to recover. 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 liabilities netted in the statement of financial position 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 provisions are netted against each other separately for each country where the Bank conducts its business and is obliged to settle 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 statement of financial position, 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 probable 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 other comprehensive income, and it is subsequently transferred to the income statement when the respective investment or hedged item affects the income statement.

2.23 Assets repossessed for debt

Repossessed collateral represents financial and non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment, financial assets or other assets depending on their nature and the Group's intention in respect of recovery of these assets. In case the fair value of repossessed collateral exceeds the receivable from the debtor, the difference constitutes a liability toward the debtor.

Repossessed assets are subsequently measured and accounted for in accordance with the accounting policies relevant for these categories of assets.

2.24 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 statement of financial position 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 statement of financial position 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 are subject to settlement over the period in the proportional part to the future reporting periods.

Acquisition costs in the part attributable to future reporting periods are subject to settlement, proportionally to the duration of the relevant insurance agreements.

2.25 Leasing

BRE Bank SA Group as a lessor

In the case of assets in use on the basis of a finance lease agreement, the amount equal to the net investment in the lease is recognised as receivables. The difference between the gross receivable amount and the present value of the receivables is recognised as unrealised financial income.

Revenue from leasing agreements is recognised as follows:

- Interests on finance lease

Revenue from finance lease is recognised on the accruals basis, based on the fixed rate of return calculated on the basis of all the cash flows related to the realisation of a given lease agreement, discounted using the initial effective interest rate.

- Net revenue from operating lease

Revenue from operating lease and the depreciation cost of fixed assets provided by the Group under operating lease, incurred in order to obtain this revenue are recognised in net amount as other operating income in the profit and loss account.

Revenue from operating lease is recognised as income on a straight-line basis over the lease period, unless application of a different systematic method better reflects the time allocation of benefits drawn from the leased asset.

BRE Bank SA Group as a lessee

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

2.26 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 claims, benefits and premiums concern insurance activity.

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

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

Provision for premiums is created individually for each insurance agreement as premium written, attributed to subsequent reporting periods, proportionally to the period for which the premium was written on the daily basis. However, in case of insurance agreements whose risk is not evenly apportioned over 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 future cash flows arising from insurance agreements, including costs of claims handling and policy-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 income statement through impairment of deferred acquisition costs or/and supplementary provisions.

2.27 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 income statement.

Benefits based on shares

The Bank runs programmes of remuneration based on and settled in own shares as well as based on shares of the ultimate parent of the Bank and settled in cash. These benefits are accounted for in compliance with IFRS 2 Share-based Payment. The fair value of the service rendered by employees in return for options and shares granted increases the costs of the respective period, corresponding to own equity in the case of transactions settled in own shares and liabilities in the case of cash-settled transactions based on shares of the ultimate parent of the Bank. 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 the end of each reporting period, the Bank 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 recognise the change in fair value of the share-based payment over the term of the programmes. In case of the part of the programme based on shares of the ultimate parent until the liability is settled, the Bank measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

2.28 Equity

Equity consists of capital and own funds attributable to owners of the Bank, and non-controlling 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.

- Own shares

In the case of acquisition of shares or equity interests in the Bank by the Bank the amount paid reduces the value of equity as own 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.

- Share issue costs

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

Retained earnings

Retained earnings include:

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

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

Moreover, other reserve capital comprises valuation of employee options.

Dividends for a given year, which have been approved by the General Meeting but not distributed at the end of the reporting period, are shown under the liabilities on account of dividends payable under the item 'Other liabilities'.

Other components of equity

Other components of equity result from:

- valuation of available for sale financial instruments,
- exchange differences on translation of foreign operations.

2.29 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 financial statements are presented in the Polish zloty, which is the presentation currency of the Group and 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 income statement.

Foreign exchange differences arising on account of such non-monetary items as financial assets measured at fair value through the income statement 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 other comprehensive income.

Changes in fair value of monetary items available for sale cover foreign exchange differences arising from valuation at amortised cost, which are recognised in the income statement.

Items of the statement of financial position of foreign branches are converted from functional currency to the presentation currency with the application of the average exchange rate as at the end of the reporting period. Income statement items of these entities are converted to presentation currency with the application of the arithmetical mean of average 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 recognised in other components of equity.

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 differ from the presentation currency, are converted to the presentation currency as follows:

- assets and liabilities in each presented statement of financial position are converted at the average rate of exchange of the National Bank of Poland (NBP) in force at the end of this reporting period;
- revenues and expenses in each income statement are converted at the rate equal to the arithmetical mean of the average rates quoted by NBP on the last day of each of 9 months of each presented periods; whereas
- all resulting foreign exchange differences are recognised as a distinct item of other comprehensive income.

Upon consolidation, foreign exchange differences arising from the conversion of net investments in companies operating abroad are recognised in other comprehensive income. Upon the disposal of a foreign operation, such foreign exchange differences are recognised in the income statement 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

Gains and losses on foreign exchange differences from the valuation of liabilities on account of credit financing of purchases of assets under operating leasing schemes are recognised in the income statement. In the operating leasing agreements recognised in the statement of financial position 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 income statement at the end of the reporting period.

2.30 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.

2.31 New standards, interpretations and amendments to published standards

These financial statements comply with all the International Accounting Standards and the International Financial Reporting Standards endorsed by the European Union, and the interpretations related to them, except for those standards and interpretations listed below which await endorsement of the European Union or which have been endorsed by the European Union but entered or will enter into force after the balance sheet date.

In the period covered by the financial statements, the Group did not decide for early application of the standards and interpretations which have been endorsed by the European Union, but entered or will enter into force after the balance sheet date.

<u>Published Standards and Interpretations which have been issued and binding for the Group for annual periods starting on 1 January 2013:</u>

Standards and interpretations approved by the European Union:

- IFRS 10, Consolidated Financial Statements (supersedes consolidation requirements of IAS 27), binding for annual periods beginning on or after 1 January 2013.
- IFRS 11, Joint Arrangements, binding for annual periods beginning on or after 1 January 2013.
- IFRS 12, Disclosure of Interests in Other Entities, binding for annual periods beginning on or after 1 January 2013.
- IFRS 13, Fair Value Measurement, binding for annual periods beginning on or after 1 January 2013.
- IAS 19 (Amended), Employee Benefits, binding for annual periods beginning on or after 1 January 2013.
- IAS 27, Separate Financial Statements (IAS 27 and IFRS 10 supersede IAS 27 Consolidated and Separate Financial Statements), binding for annual periods beginning on or after 1 January 2013.
- IAS 28, Investments in Associates and Joint Ventures (supersedes IAS 28 Investments in Associates), binding for annual periods beginning on or after 1 January 2013.
- Amendments to IAS 1, Presentation of Items of Other Comprehensive Income, binding for annual periods beginning on or after 1 July 2012.
- Amendments to IFRS 7, Disclosures - Offsetting Financial Assets and Financial Liabilities, binding for annual periods beginning on or after 1 January 2013.
- Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance, binding for annual periods starting on or after 1 January 2013.
- Improvements to IFRS 2009-2011, binding for annual periods starting on or after 1 January 2013.
- Government Loans (Amendments to IFRS 1), binding for annual periods starting on or after 1 January 2013.

The Group is of the opinion that the application of the amended standards had no significant impact on the financial statements in the period of their initial application.

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

Standards and interpretations approved by the European Union:

- Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities, binding for annual periods beginning on or after 1 January 2014.

Standards and interpretations not yet approved by the European Union:

- IFRS 9, Financial Instruments Part 1: Recognition and Measurement, binding for annual periods beginning on or after 1 January 2015.
- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment Entities, binding for annual periods starting on or after 1 January 2014.
- IFRIC 21, Levies, binding for annual periods starting on or after 1 January 2014.
- Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets, binding for annual periods starting on or after 1 January 2014.
- Amendments to IAS 39, Novation of Derivatives and Continuation of Hedge Accounting, binding for annual periods starting on or after 1 January 2014.

The Group believes that the application of IFRIC 21 will have no impact on the total level of recognised fees of the financial year, and may have an impact on the level of such costs recognised in each quarter of the financial year. The Group is considering the implications of the IFRS 9, the impact on the Group and the timing of its adoption by the Group. The Group believes that the application of the other standards and interpretations will not have a significant effect on the financial statements in the period of their first application.

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

2.32 Comparative data

Comparative data has been adjusted so, as to reflect for the changes in presentation introduced in the current year.

In the fourth quarter of 2012, the Group ceased to present pledged assets in a separate line in the statement of financial position. Debt securities pledged as collaterals were presented within the items: 'Trading securities' or 'Investment securities', according to their classification before establishing the pledge. Information regarding debt securities pledged as collaterals is still available under Notes 15 and 18.

The change had no impact on the profit and equity in the presented comparative data as at 30 September 2012.

The following table presents the impact of the restatement introduced in 2013 on presented comparative data in the consolidated financial statements.

Changes in BRE Bank Group consolidated statement of financial position as at 30 September 2012.

	30.09.2012 before adjustments	presentation adjustments	30.09.2012 after adjustments
Trading securities	812 139	1 303 396	2 115 535
Investments securities	13 970 331	3 887 501	17 857 832
Pledged assets	5 190 897	(5 190 897)	-
Total assets	99 805 527	-	99 805 527

Changes in BRE Bank SA stand-alone statement of financial position as at 30 September 2012.

	30.09.2012 before adjustments	presentation adjustments	30.09.2012 after adjustments
Trading securities	993 209	1 303 617	2 296 826
Investments securities	14 216 015	3 886 464	18 102 479
Pledged assets	5 190 081	(5 190 081)	-
Total assets	95 562 803	-	95 562 803

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 income statement, the Group assesses whether any evidence exists that would indicate some measurable reduction of estimated future cash flows attached to the loan portfolio. The methodology and the assumptions (on the basis of which the estimated cash flow amounts and their anticipated timing are determined) are regularly verified.

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, observable market data originating from an active market are used in the models.

Impairment of available for sale investments

The Group reviews its debt securities classified as available for sale investments at each reporting date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances. The Group also records impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available, against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Pension obligation

The cost of pension obligation plans is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and other factors. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Technical-insurance provisions

Provision for unpaid claims and benefits which were reported to the insurer and in relation to which the information held does not enable to make an assessment of claims 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 the average value of claims arising from the given risk.

As at 30 September 2013, provisions for claims incurred but not reported to the insurer (IBNR) were calculated using the actuarial methods (Naive Loss Ratio and Bornhuetter-Ferguson). The expected loss ratios are composed on the basis of available market studies concerning loss arising from the given group of risks.

4. Business segments

Following the adoption of 'management approach' of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Bank's Management Board (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses their performance.

The classification by business segments is based on client groups and product groups 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 presentation of financial results coupled with the business management model ensures a constant focus on creating added value in relations with clients of the Bank and Group companies and should be seen as a primary division, which serves the purpose of both managing and perceiving business within the Group.

The Group conducts its business through different business segments, which offer specific products and services targeted at specific client groups and market segments. The Group currently conducts its operations through the following business segments:

- The Retail Banking segment, which divides its customers into mBank customers, MultiBank customers and BRE Private Banking customers and which offers a full range of the Bank's banking products and services as well as specialized products offered by a number of subsidiaries belonging to the Retail Banking segment. The key products in this segment include current and savings accounts (including accounts in foreign currencies), term deposits, lending products (retail mortgage loans and non-mortgage loans such as cash loans, car loans, overdrafts, credit cards and other loan products), debit cards, insurance products, investment products and brokerage services offered to both individual customers and to micro-businesses. The results of the Retail Banking segment include the results of foreign branches of mBank in the Czech Republic and Slovakia. The Retail Banking segment also includes the results of BRE Bank Hipoteczny SA, BRE Wealth Management SA, Aspiro SA as well as BRE Ubezpieczenia TUiR SA, BRE Ubezpieczenia Sp. z o.o. and BRE Agent Ubezpieczeniowy Sp. z o.o.
- The Corporates and Financial Markets segment, which is divided into two sub-segments:
  - *Corporates and Institutions* sub-segment (business line), which targets small, medium and large-sized companies and public sector entities. The key products offered to these customers include transactional banking products and services including current account products, multi-functional internet banking, tailor-made cash management and trade finance services, term deposits, foreign exchange transactions, a comprehensive offer of short-term financing and investment loans, cross-border credit, project finance, structured and mezzanine finance services, investment banking products including foreign exchange options, forward contracts, interest rate derivatives and commodity swaps and options, structured deposit products with embedded options (interest on structured deposit products are directly linked to the performance of certain underlying financial instruments such as foreign exchange options, interest rate options and stock options), debt origination for corporate clients, treasury bills and bonds, non-government debt, medium-term bonds, buy sell back and sell buy back transactions and repo transactions, as well as leasing and factoring services. The Corporates and Institutions sub-segment includes the results of the following subsidiaries:, BRE Leasing Sp. z o.o., BRE Faktoring SA, MLV 45 Sp. z o.o. spółka komandytowa (previously BRE Holding Sp. z o.o.), Transfinance a.s., Garbary Sp. z o.o., as well as the results achieved by MLV 35 Sp. z o.o. spółka komandytowo-akcyjna until the date of cessation of consolidation, due to the liquidation process of the company.
  - *The Trading and Investment* sub-segment (business line) consists primarily of treasury, financial markets, and financial institutions operations, manages the liquidity, interest rate and foreign exchange risks of the Bank, its trading and investment portfolios, and conducts market making in PLN denominated cash

and derivative instruments, debt origination for financial institutions. The Bank also maintains an extensive correspondent banking network and also develops relationships with other banks providing products such as current accounts, overdrafts, stand alone and syndicated loans and loans insured by KUKE to support the Polish export market. This sub-segment also includes the results of BRE Finance France SA and Dom Inwestycyjny BRE Banku SA.

- Operations which are not included in the Retail Banking segment and the Corporates and Financial Markets segment are reported under 'Other'. This segment includes the results of BRE.locum SA and BRE Centrum Operacji Sp. z o.o.

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

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

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

Internal fund transfers between the Bank's units are calculated at 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 maturity structure of assets and liabilities. Internal settlements concerning internal valuation of funds transfers are reflected in the results of each segment.

Assets and liabilities of a business segment comprise operating assets and liabilities, which account for most of the statement of financial position, 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, is done on the basis of internal information prepared at the Bank for the purpose 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 to business segments (including consolidation adjustments).

From the beginning of 2013, there was a change in the assignment to a segment of BRE Bank Hipoteczny. The company was assigned to the Retail Banking segment (previously was part of Trading and Investment sub-segment). This change was made in connection with the new strategy adopted by BRE Bank Hipoteczny SA, which assumes that the company will be in the future a source of funding for mortgages offered to retail customers.

According to above-mentioned change, the comparative data concerning business segments of the Group were restated to reflect changes in presentation made to the current financial year.

The primary basis used by the Group in the segment reporting is business line division. Additionally, the Group's activity is presented by geographical areas reporting broken down into Poland and foreign countries. Foreign countries segment include activity of mBank's foreign branches in Czech Republic and Slovakia as well as activity of foreign subsidiaries Transfinance a.s. and BRE Finance France SA.

The BRE Bank Group business segment reporting

Business segment reporting on the activities of BRE Bank Group
for the period from 1 January to 30 September 2013
(PLN'000)

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Other	Eliminations	Total figure for the Group	Statement of financial position reconciliation/ income statement reconciliation
	Corporates & Institutions	Trading & Investment					
Net interest income	562 882	15 711	1 023 958	(7 408)	-	1 595 143	1 595 143
- sales to external clients	470 031	529 646	599 336	(3 870)	-	1 595 143	
- sales to other segments	92 851	(513 935)	424 622	(3 538)	-	-	
Net fee and commission income	241 454	32 556	351 471	(5 356)	15 475	635 600	635 600
- sales to external clients	228 304	42 949	369 718	(5 371)	-	635 600	
- sales to other segments	13 150	(10 393)	(18 247)	15	15 475	-	
Dividend income	14 701	94	64	2 218	-	17 077	17 077
Trading income	152 008	19 830	92 056	646	-	264 540	264 540
Gains less losses from investment securities, investments in subsidiaries and associates	2 513	37 347	13 442	-	-	53 302	53 302
Other operating income	60 209	1 492	107 056	117 056	(15 475)	270 338	270 338
Net impairment losses on loans and advances	(133 256)	662	(228 104)	-	-	(360 698)	(360 698)
Overhead costs	(381 961)	(92 384)	(600 232)	(25 971)	-	(1 100 548)	(1 100 548)
Amortization and depreciation	(51 023)	(8 792)	(73 787)	(2 257)	-	(135 859)	(135 859)
Other operating expenses	(30 542)	(2 018)	(49 105)	(65 616)	-	(147 281)	(147 281)
Gross profit of the segment	436 985	4 498	636 819	13 312	-	1 091 614	1 091 614
Income tax						(214 073)	(214 073)
Net profit attributable to Owners of BRE Bank SA						875 516	875 516
Net profit attributable to non-controlling interests						2 025	2 025
Assets of the segment	25 410 055	34 707 330	43 112 316	858 351	-	104 088 052	104 088 052
Liabilities of the segment	22 108 390	34 978 517	36 245 671	791 052	-	94 123 630	94 123 630
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(62 541)	(5 160)	(64 034)	(125)	-	(131 860)	
Other costs/ income without cash outflows/ inflows*	1 698	7 715	6 293	-	-	15 706	
- other non-cash costs	*(358)*	*(1 090 937)*	*906*	-	-	*(1 090 389)*	
- other non-cash income	*2 056*	*1 098 652*	*5 387*	-	-	*1 106 095*	

* Other costs/income without cash outflows/inflows includes income and expenses arising from valuation of trading financial instruments and foreign exchange result as well as changes in technical-insurance provisions.

Business segment reporting on the activities of BRE Bank Group
for the period from 1 January to 31 December 2012
(PLN'000)

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Other	Eliminations	Total figure for the Group	Statement of financial position reconciliation/ income statement reconciliation
	Corporates & Institutions	Trading & Investment					
Net interest income	727 168	133 281	1 385 805	(13 371)	749	2 233 632	2 233 632
- sales to external clients	594 238	854 850	784 891	(347)	-	2 233 632	
- sales to other segments	132 930	(721 569)	600 914	(13 024)	749	-	
Net fee and commission income	309 460	37 451	479 662	(2 739)	16 046	839 880	839 880
- sales to external clients	287 611	54 782	500 226	(2 739)	-	839 880	
- sales to other segments	21 849	(17 331)	(20 564)	-	16 046	-	
Dividend income	11 045	223	62	2 572	-	13 902	13 902
Trading income	184 315	37 958	134 785	(516)	-	356 542	356 542
Gains less losses from investment securities, investments in subsidiaries and associates	(974)	33 557	2 008	10 375	-	44 966	44 966
Other operating income	78 543	4 721	117 182	119 667	(44 392)	275 721	275 721
Net impairment losses on loans and advances	(166 661)	(15 383)	(262 584)	(7)	-	(444 635)	(444 635)
Overhead costs	(510 327)	(125 380)	(820 397)	(37 281)	27 597	(1 465 788)	(1 465 788)
Amortization and depreciation	(79 350)	(11 550)	(101 627)	(3 090)	-	(195 617)	(195 617)
Other operating expenses	(40 492)	(1 240)	(68 463)	(76 305)	-	(186 500)	(186 500)
Gross profit of the segment	512 727	93 638	866 433	(695)	-	1 472 103	1 472 103
Income tax						(268 292)	(268 292)
Net profit attributable to Owners of BRE Bank SA						1 203 230	1 203 230
Net profit attributable to non-controlling interests						581	581
Assets of the segment	25 136 704	34 087 188	42 177 386	834 768	-	102 236 046	102 236 046
Liabilities of the segment	20 660 447	33 081 039	37 810 589	973 987	-	92 526 062	92 526 062
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(112 233)	(24 152)	(86 477)	(1 834)	-	(224 696)	
Other costs/ income without cash outflows/ inflows*	6 137	53 372	5 934	133	-	65 576	
- other non-cash costs	*(877)*	*(2 243 438)*	*-*	*-*	-	*(2 244 315)*	
- other non-cash income	*7 014*	*2 296 810*	*5 934*	*133*	-	*2 309 891*	

* Other costs/income without cash outflows/inflows includes income and expenses arising from valuation of trading financial instruments and foreign exchange result as well as changes in technical-insurance provisions.

Business segment reporting on the activities of BRE Bank Group
for the period from 1 January to 30 September 2012
(PLN'000)

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Other	Eliminations	Total figure for the Group	Statement of financial position reconciliation/ income statement reconciliation
	Corporates & Institutions	Trading & Investment					
Net interest income	543 739	110 153	1 036 541	(9 758)	(2 522)	1 678 153	1 678 153
- sales to external clients	435 053	616 328	627 090	(318)	-	1 678 153	
- sales to other segments	108 686	(506 175)	409 451	(9 440)	(2 522)	-	
Net fee and commission income	238 160	30 330	361 606	(1 757)	16 194	644 533	644 533
- sales to external clients	221 837	43 046	381 407	(1 757)	-	644 533	
- sales to other segments	16 323	(12 716)	(19 801)	-	16 194	-	
Dividend income	11 045	218	20	2 570	-	13 853	13 853
Trading income	134 439	47 131	99 150	(257)	-	280 463	280 463
Gains less losses from investment securities, investments in subsidiaries and associates	(97)	29 098	2 508	10 375	-	41 884	41 884
Other operating income	46 277	699	75 646	82 080	(19 336)	185 366	185 366
Net impairment losses on loans and advances	(157 726)	(15 365)	(182 551)	(6)	-	(355 648)	(355 648)
Overhead costs	(380 655)	(93 104)	(586 884)	(28 144)	5 664	(1 083 123)	(1 083 123)
Amortization and depreciation	(59 832)	(8 489)	(73 599)	(2 322)	-	(144 242)	(144 242)
Other operating expenses	(14 017)	(1 113)	(32 132)	(41 785)	-	(89 047)	(89 047)
Gross profit of the segment	361 333	99 558	700 305	10 996	-	1 172 192	1 172 192
Income tax						(241 518)	(241 518)
Net profit attributable to Owners of BRE Bank SA						930 653	930 653
Net profit attributable to non-controlling interests						21	21
Assets of the segment	26 094 893	30 393 081	42 428 165	889 388	-	99 805 527	99 805 527
Liabilities of the segment	22 330 719	33 285 842	33 929 116	1 074 031	-	90 619 708	90 619 708
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(78 009)	(15 568)	(36 532)	(1 573)	-	(131 682)	
Other costs/ income without cash outflows/ inflows*	2 746	142 389	2 948	117	(954)	147 246	
- other non-cash costs	*(949)*	*(1 039 458)*	*-*	*-*	*5 022*	*(1 035 385)*	
- other non-cash income	*3 695*	*1 181 847*	*2 948*	*117*	*(5 976)*	*1 182 631*	

* Other costs/income without cash outflows/inflows includes income and expenses arising from valuation of trading financial instruments and foreign exchange result as well as changes in technical-insurance provisions.

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The BRE Bank Group geographical areas reporting

Geographical areas reporting on the activities of BRE Bank Group for the period from	1 January to 30 September 2013			1 January to 31 December 2012			1 January to 30 September 2012		
	Poland	Foreign Countries	Total	Poland	Foreign Countries	Total	Poland	Foreign Countries	Total
Net interest income	1 522 490	72 653	1 595 143	2 140 429	93 203	2 233 632	1 607 659	70 494	1 678 153
Net fee and commission income	620 731	14 869	635 600	820 318	19 562	839 880	630 384	14 149	644 533
Dividend income	17 077	-	17 077	13 902	-	13 902	13 853	-	13 853
Trading income	259 954	4 586	264 540	352 828	3 714	356 542	277 873	2 590	280 463
Gains less losses from investment securities, investments in subsidiaries and associates	53 302	-	53 302	44 966	-	44 966	41 884	-	41 884
Other operating income	266 218	4 120	270 338	270 590	5 131	275 721	184 150	1 216	185 366
Net impairment losses on loans and advances	(350 327)	(10 371)	(360 698)	(430 487)	(14 148)	(444 635)	(346 712)	(8 936)	(355 648)
Overhead costs	(1 029 136)	(71 412)	(1 100 548)	(1 387 658)	(78 130)	(1 465 788)	(1 030 004)	(53 119)	(1 083 123)
Amortization and depreciation	(132 391)	(3 468)	(135 859)	(190 779)	(4 838)	(195 617)	(140 638)	(3 604)	(144 242)
Other operating expenses	(141 371)	(5 910)	(147 281)	(177 385)	(9 115)	(186 500)	(87 524)	(1 523)	(89 047)
Gross profit of the segment	1 086 547	5 067	1 091 614	1 456 724	15 379	1 472 103	1 150 925	21 267	1 172 192
Income tax			(214 073)			(268 292)			(241 518)
Net profit attributable to Owners of BRE Bank SA			875 516			1 203 230			930 653
Net profit attributable to non-controlling interests			2 025			581			21
Assets of the segment, including:	101 418 423	2 669 629	104 088 052	100 024 122	2 211 924	102 236 046	97 668 903	2 136 624	99 805 527
- tangible assets	1 126 575	17 683	1 144 258	1 192 443	17 584	1 210 027	1 157 982	38 130	1 196 112
- deferred income tax assets	339 870	3 892	343 762	365 955	3 866	369 821	336 206	3 903	340 109
Liabilities of the segment	86 504 117	7 619 513	94 123 630	85 741 819	6 784 243	92 526 062	86 469 693	4 150 015	90 619 708

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5. Net interest income

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Interest income		
Loans and advances including the unwind of the impairment provision discount	2 113 069	2 409 019
Investment securities	671 694	628 898
Cash and short-term placements	62 505	93 173
Trading debt securities	34 159	52 509
Interest income on derivatives classified into banking book	72 295	124 366
Other	8 412	9 172
Total interest income	**2 962 134**	**3 317 137**
Interest expense		
Arising from amounts due to banks	(197 385)	(280 290)
Arising from amounts due to customers	(929 184)	(1 163 860)
Arising from issue of debt securities	(147 107)	(126 180)
Other borrowed funds	(46 478)	(47 353)
Interest expense on derivatives concluded under the hedge accounting	(447)	(779)
Other	(46 390)	(20 522)
Total interest expense	**(1 366 991)**	**(1 638 984)**

Interest income related to impaired financial assets amounted to PLN 141 958 thousand (30 September 2012: PLN 152 349 thousand).

6. Net fee and commission income

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Fee and commission income		
Payment cards-related fees	300 163	289 174
Credit-related fees and commissions	175 066	166 134
Commissions from insurance activity	120 580	139 182
Fees from brokerage activity	64 992	60 712
Commissions from bank accounts	114 781	90 368
Commissions from money transfers	64 868	67 645
Commissions due to guarantees granted and trade finance commissions	27 650	27 659
Commission for agency service regarding sale of products of external financial entities	53 292	48 343
Commissions on trust and fiduciary activities	14 677	13 029
Fees from portfolio management services and other management-related fees	8 881	5 845
Other	53 403	55 590
Total fee and commission income	**998 353**	**963 681**
Fee and commission expense		
Payment cards-related fees	(164 936)	(131 374)
Commissions paid to external entities for sale of the Bank's products	(57 452)	(52 585)
Insurance activity-related fees	(3 203)	(6 744)
Discharged brokerage fees	(23 781)	(18 917)
Other discharged fees	(113 381)	(109 528)
Total fee and commission expense	**(362 753)**	**(319 148)**

IFRS Condensed Consolidated Financial Statements for the third quarter of 2013 PLN (000's)

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Fee and commission income from insurance activity		
- Income from insurance intermediation	106 524	123 770
- Income from insurance policies administration	14 056	15 412

7. Dividend income

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Trading securities	22	156
Securities available for sale	17 055	13 697
Total dividend income	17 077	13 853

8. Net trading income

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Foreign exchange result	215 158	243 078
Net exchange differences on translation	171 075	87 849
Net transaction gains/(losses)	44 083	155 229
Other net trading income and result on hedge accounting	49 382	37 385
Interest-bearing instruments	39 685	32 820
Equity instruments	1 581	1 242
Market risk instruments	2 438	3 212
Result on hedge accounting, including:	5 678	111
- Net profit on hedged items	8 381	507
- Net profit on hedging instruments	(2 703)	(396)
Total net trading income	264 540	280 463

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

The Group applies fair value hedge accounting for part of the portfolio of fixed interest rate mortgage loans granted by foreign branches of the Bank in the Czech Republic. An Interest Rate Swap is the hedging instrument changing the fixed interest rate to a variable interest rate.

In addition, from October 2012 the Group applies fair value hedge accounting of Eurobonds issued by BRE Finance France SA, subsidiary of BRE Bank. An Interest Rate Swap is the hedging instrument changing the fixed interest rate to a variable interest rate.

In both cases described above, the risk of changes in interest rates is the only type of risk hedged within hedge accounting applied by the Group. The result of the valuation of hedged items and hedging instruments is presented in the above note.

9. Gains and losses from investment securities, investments in subsidiaries and associates

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Sale/redemption of financial assets available for sale, investments in subsidiaries and associates	53 754	39 481
Impairment of investments in subsidiaries	(452)	2 403
Total gains and losses from investment securities	53 302	41 884

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10. Other operating income

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Income from sale or liquidation of fixed assets, intangible assets, assets held for sale and inventories	102 552	53 685
Income from insurance activity net	61 488	56 932
Income from services provided	22 960	25 215
Net income from operating lease	11 224	15 214
Income due to release of provisions for future commitments	28 075	6 188
Income from recovering receivables designated previously as prescribed, remitted or uncollectible	311	57
Income from compensations, penalties and fines received	160	259
Other	43 568	27 816
Total other operating income	**270 338**	**185 366**

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 is earned on non-banking activities.

Income from insurance activity net comprises income from premiums, reinsurance and co-insurance activity, reduced by claims paid and costs of claims handling and adjusted by the changes in provisions for claims connected with the insurance activity conducted within BRE Bank SA Group.

Net income from operating lease consists of income from operating lease and related depreciation cost of fixed asset provided by the Group under operating lease, incurred to obtain revenue.

Net income from insurance activity generated for the three quarters of 2013 and the three quarters of 2012 is presented below.

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Income from premiums		
- Premiums attributable	134 823	132 401
- Change in provision for premiums	4 604	(32)
Premiums earned	**139 427**	**132 369**
Reinsurer's shares		
- Gross premiums written	(54 305)	(55 059)
- Change in unearned premiums reserve	(1 749)	5 122
Reinsurer's share in premiums earned	**(56 054)**	**(49 937)**
Net premiums earned	**83 373**	**82 432**
Claims and benefits		
- Claims and benefits paid out in the current year including costs of liquidation before tax	(57 729)	(46 381)
- Change in provision for claims and benefits paid out in the current year including costs of liquidation before tax	(7 602)	(17 471)
- Reinsurer's share in claims and benefits paid out in the current year including costs of liquidation	40 374	31 238
- Change in provision for reinsurer's share of claims and benefits paid out in the current year including costs of liquidation	6 117	10 681
Claims and benefits net	**(18 840)**	**(21 933)**
- Other costs net of reinsurance	(2 904)	(3 283)
- Other operating income	7	(67)
- Costs of expertise and certificates concerning underwriting risk	(148)	(217)
Total net income from insurance activity	**61 488**	**56 932**

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Net income from operating lease for the three quarters of 2013 and the three quarters of 2012 is presented below.

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Net income from operating lease, including:		
- Income from operating lease	50 304	53 456
- Depreciation cost of fixed assets provided under operating lease	(39 080)	(38 242)
Total net income from operating lease	11 224	15 214

11. Net impairment losses on loans and advances

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Net impairment losses on amounts due from other banks	238	547
Net impairment losses on loans and advances to customers	(354 052)	(342 125)
Net impairment losses on off-balance sheet contingent liabilities due to customers	(6 884)	(14 070)
Total net impairment losses on loans and advances	(360 698)	(355 648)

12. Overhead costs

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Staff-related expenses	(597 269)	(598 467)
Material costs	(433 218)	(414 463)
Taxes and fees	(24 148)	(18 991)
Contributions and transfers to the Bank Guarantee Fund	(40 217)	(45 340)
Contributions to the Social Benefits Fund	(5 297)	(5 081)
Other	(399)	(781)
Total overhead costs	(1 100 548)	(1 083 123)

Staff-related expenses for three quarters of 2013 and three quarters of 2012 is presented below.

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Wages and salaries	(487 702)	(489 943)
Social security expenses	(77 035)	(74 362)
Remuneration concerning share-based payments, including:	(10 375)	(8 935)
- share-based payments settled in BRE Bank SA shares	(10 375)	(8 403)
- cash-settled share-based payments	-	(532)
Other staff expenses	(22 157)	(25 227)
Staff-related expenses, total	(597 269)	(598 467)

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13. Other operating expenses

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Costs arising from sale or liquidation of fixed assets, intangible assets, assets held for sale and inventories	(75 220)	(40 117)
Provisions for future commitments	(24 036)	(16 324)
Donations made	(2 691)	(2 638)
Compensation, penalties and fines paid	(714)	(776)
Costs arising from provisions created for other receivables (excluding loans and advances)	(3 770)	(1 567)
Costs of sale of services	(1 566)	(1 248)
Costs arising from receivables and liabilities recognised as prescribed, remitted and uncollectible	(79)	(134)
Impairment provisions created for tangible fixed assets, intangible assets and other non-financial assets	-	(16)
Other operating costs	(39 205)	(26 227)
Total other operating expenses	**(147 281)**	**(89 047)**

Costs arising from sale or liquidation of fixed assets, intangible assets, assets held for resale and inventories comprise primarily the expenses incurred by BRE.locum in connection with its developer activity.

Costs of sale of services concern non-banking services.

14. Earnings per share

Earnings per share for 9 months – BRE Bank Group consolidated data

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Basic:		
Net profit attributable to Owners of BRE Bank SA	875 516	930 653
Weighted average number of ordinary shares	42 149 505	42 111 809
Net basic profit per share (in PLN per share)	**20.77**	**22.10**
Diluted:		
Net profit attributable to Owners of BRE Bank SA, applied for calculation of diluted earnings per share	875 516	930 653
Weighted average number of ordinary shares	42 149 505	42 111 809
Adjustments for:		
- share options	13 269	41 330
Weighted average number of ordinary shares for calculation of diluted earnings per share	42 162 774	42 153 139
Diluted earnings per share (in PLN per share)	**20.77**	**22.08**

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Earnings per share for 9 months – BRE Bank stand-alone data

the period	from 01.01.2013 to 30.09.2013	from 01.01.2012 to 30.09.2012
Basic:		
Net profit	783 039	847 412
Weighted average number of ordinary shares	42 149 505	42 111 809
Net basic profit per share (in PLN per share)	**18.58**	**20.12**
Diluted:		
Net profit applied for calculation of diluted earnings per share	783 039	847 412
Weighted average number of ordinary shares	42 149 505	42 111 809
Adjustments for:		
- share options	13 269	41 330
Weighted average number of ordinary shares for calculation of diluted earnings per share	42 162 774	42 153 139
Diluted earnings per share (in PLN per share)	**18.57**	**20.10**

15. Trading securities

	30.09.2013			30.06.2013			31.12.2012			30.09.2012		
	Trading securities without pledge	Pledged trading securities	Total trading securities	Trading securities without pledge	Pledged trading securities	Total trading securities	Trading securities without pledge	Pledged trading securities	Total trading securities	Trading securities without pledge	Pledged trading securities	Total trading securities
Debt securities:	448 655	915 838	1 364 493	383 717	1 320 499	1 704 216	550 040	559 644	1 109 684	780 278	1 303 396	2 083 674
Issued by government	241 838	915 838	1 157 676	258 755	1 320 499	1 579 254	246 453	559 644	806 097	532 227	1 303 396	1 835 623
- government bonds	241 838	915 838	1 157 676	258 755	1 320 499	1 579 254	246 134	559 644	805 778	530 940	1 303 396	1 834 336
- treasury bills	-	-	-	-	-	-	319	-	319	1 287	-	1 287
Other debt securities	206 817	-	206 817	124 962	-	124 962	303 587	-	303 587	248 051	-	248 051
- bank's bonds	167 020	-	167 020	104 687	-	104 687	231 196	-	231 196	86 822	-	86 822
- deposit certificates	19 738	-	19 738	-	-	-	26 459	-	26 459	53 978	-	53 978
- corporate bonds	20 059	-	20 059	20 275	-	20 275	45 932	-	45 932	107 251	-	107 251
Equity securities:	38 157	-	38 157	37 527	-	37 527	41 202	-	41 202	31 861	-	31 861
- listed	3 777	-	3 777	4 627	-	4 627	10 986	-	10 986	8 719	-	8 719
- unlisted	34 380	-	34 380	32 900	-	32 900	30 216	-	30 216	23 142	-	23 142
Total debt and equity	486 812	915 838	1 402 650	421 244	1 320 499	1 741 743	591 242	559 644	1 150 886	812 139	1 303 396	2 115 535

16. Derivative financial instruments

	30.09.2013		30.06.2013		31.12.2012		30.09.2012	
	assets	liabilities			assets	liabilities	assets	liabilities
Held for trading derivative financial instruments classified into banking book	99 800	26 881	34 299	130 080	158 840	39 540	212 372	15 433
Held for trading derivative financial instruments classified into trading book	2 173 300	2 444 088	2 494 829	2 956 220	2 643 855	3 430 946	1 730 128	2 486 291
Derivative financial instruments held for hedging	35 953	1 464	15 306	1 527	-	6 198	-	2 644
Total derivative financial instruments	2 309 053	2 472 433	2 544 434	3 087 827	2 802 695	3 476 684	1 942 500	2 504 368

The Group uses the following derivative instruments for economic hedging and for other purposes:

Forward currency transactions represent commitments to purchase foreign and local currencies, including outstanding spot transactions. **Futures for currencies and interest rates** are contractual commitments to receive or pay a specific net value, depending on currency rate of exchange or interest rate variations, or to buy or sell a foreign currency or a financial instrument on a specified future date for a fixed price established on the organised financial market. Because futures contracts are collateralised with fair-valued cash or securities and the changes of the face value of such contracts are accounted for daily in reference to stock exchange quotations, the credit risk is marginal. **FRA contracts** are similar to futures except that each FRA is negotiated individually and each requires payment on a specific future date of the difference between the interest rate set in the agreement and the current market rate on the basis of theoretical amount of capital.

Currency and interest rate swap contracts are commitments to exchange one cash flow for another cash flow. Such a transaction results in swap of currencies or interest rates (e.g., fixed to variable interest rate) or combination of all these factors (e.g., cross-currency CIRS). With the exception of specific currency swap contracts, such transactions do not result in swaps of capital. The credit risk of the Group consists of the potential cost of replacing swap contracts if the parties fail to discharge their liabilities. This risk is monitored daily by reference to the current fair value, proportion of the face value of the contracts and market liquidity. The Group evaluates the parties to such contracts using the same methods as for its credit business, to control the level of its credit exposure.

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Due to the application of fair value hedge accounting for part of the portfolio of fixed interest rate mortgage loans granted by foreign branches of the Bank in the Czech Republic and fair value hedge accounting of Eurobonds issued by BRE Finance France SA within interest rate swaps, the Group distinguished instruments that hedge the risk of changes in interest rate. Result from valuation of the hedged item and hedging instruments is presented in this consolidated financial statement in item 'Net income from other trading operations and hedge accounting' in Note 8.

Currency and interest rate options are agreements, pursuant to which the selling party grants the buying party the right, but not an obligation, to purchase (call option) or sell (put option) a specific quantity of a foreign currency or a financial instrument at a predefined price on or by a specific date or within an agreed period. In return for accepting currency or interest rate risk, the buyer offers the seller a premium. An option can be either a public instrument traded at a stock exchange or a private instrument negotiated between the Group and a customer (private transaction). The Group is exposed to credit risk related to purchased options only up to the balance sheet value of such options, i.e. the fair value of the options.

Market risk transactions include futures contracts as well as commodity options, stock options and index options.

Face values of certain types of financial instruments provide a basis for comparing them to instruments disclosed in the statement of financial position but they may not be indicative of the value of the future cash flows or of the present fair value of such instruments. For this reason, the face values do not indicate the level of the Group's exposure to credit risk or price change risk. Derivative instruments can have positive value (assets) or negative value (liabilities), depending on market interest or currency exchange rate fluctuations. The aggregate fair value of derivative financial instruments may be subject to strong variations.

17. Loans and advances to customers

	30.09.2013	30.06.2013	31.12.2012	30.09.2012
Loans and advances to individuals:	**38 960 785**	**39 149 388**	**37 816 508**	**37 930 619**
- current accounts	5 053 682	4 840 815	4 600 545	4 499 361
- term loans, including:	33 907 103	34 308 573	33 215 963	33 431 258
housing and mortgage loans	29 330 645	29 902 594	29 171 827	29 480 040
Loans and advances to corporate entities:	**30 210 970**	**32 523 288**	**28 405 403**	**30 727 195**
- current accounts	4 270 661	4 422 438	4 255 092	5 033 191
- term loans:	21 412 485	21 598 628	20 897 898	21 584 263
corporate & institutional enterprises	5 459 624	5 640 919	5 857 708	6 561 728
medium & small enterprises	15 952 861	15 957 709	15 040 190	15 022 535
- reverse repo / buy-sell-back transactions	3 006 449	5 080 882	2 024 380	2 763 871
- other	1 521 375	1 421 340	1 228 033	1 345 870
Loans and advances to public sector	**2 353 393**	**2 438 813**	**2 698 549**	**2 797 789**
Other receivables	547 764	422 190	667 327	371 305
Total (gross) loans and advances to customers	**72 072 912**	**74 533 679**	**69 587 787**	**71 826 908**
Provisions for loans and advances to customers (negative amount)	(2 760 864)	(2 629 374)	(2 528 533)	(2 630 290)
Total (net) loans and advances to customers	**69 312 048**	**71 904 305**	**67 059 254**	**69 196 618**

Short-term (up to 1 year)	25 384 995	29 507 218	22 895 700	24 325 460
Long-term (over 1 year)	43 927 053	42 397 087	44 163 554	44 871 158

The Group presents loans to micro enterprises provided by Retail Banking of BRE Bank (mBank and MultiBank) under the item 'Loans and advances to individuals'.

Loans to micro enterprises in the presented reporting periods amounted to respectively: 30 September 2013 – PLN 4 057 547 thousand, 30 June 2013 – PLN 3 901 951 thousand, 31 December 2012 – PLN 3 609 923 thousand, 30 September 2012 – PLN 3 570 000 thousand.

Provisions for loans and advances

	30.09.2013	30.06.2013	31.12.2012	30.09.2012
Poniesione, ale nie zidentyfikowane straty				
Zaangażowanie bilansowe brutto	68 240 697	70 888 575	65 955 528	68 071 035
Rezerwy na utratę wartości ekspozycji analizowanych portfelowo	(212 537)	(207 523)	(198 712)	(207 024)
Zaangażowanie bilansowe netto	**68 028 160**	**70 681 052**	**65 756 816**	**67 864 011**
Należności, które utraciły wartość				
Zaangażowanie bilansowe brutto	3 832 215	3 645 104	3 632 259	3 755 873
Rezerwy na należności, które utraciły wartość	(2 548 327)	(2 421 851)	(2 329 821)	(2 423 266)
Zaangażowanie bilansowe netto	**1 283 888**	**1 223 253**	**1 302 438**	**1 332 607**

The table below presents the structure of concentration of BRE Bank SA Group's exposures in particular sectors.

No.	Sectors	Principal exposure (in PLN thousand) 30.09.2013	%	Principal exposure (in PLN thousand) 30.06.2013	%	Principal exposure (in PLN thousand) 31.12.2012	%	Principal exposure (in PLN thousand) 30.09.2012	%
1.	Household customers	38 960 785	54.06%	39 149 388	52.53%	37 816 508	54.34%	37 930 619	52.81%
2.	Real estate management	5 318 193	7.38%	5 003 935	6.71%	4 674 458	6.72%	4 669 012	6.50%
3.	Transport and travel agencies	2 318 729	3.22%	2 356 910	3.16%	1 737 725	2.50%	1 858 629	2.59%
4.	Public Administration	1 921 964	2.67%	2 008 638	2.70%	2 177 125	3.13%	2 270 926	3.16%
5.	Building industry	1 685 317	2.34%	1 709 895	2.29%	2 084 143	2.99%	2 117 181	2.95%
6.	Power industry and heat engineering	1 615 882	2.24%	1 566 640	2.10%	1 474 800	2.12%	780 478	1.09%
7.	Metals	1 307 929	1.81%	1 388 399	1.86%	1 223 564	1.76%	1 281 966	1.78%
8.	Motorization	1 198 152	1.66%	983 554	1.32%	880 978	1.26%	898 940	1.25%
9.	Building materials	982 631	1.36%	1 030 914	1.38%	742 360	1.07%	835 448	1.16%
10.	Groceries	961 608	1.33%	833 039	1.12%	855 409	1.23%	735 562	1.02%
11.	Liquid fuels and natural gas	954 206	1.32%	1 119 905	1.50%	1 392 174	2.00%	1 954 996	2.72%
12.	Chemistry and plastic processing	912 298	1.27%	922 414	1.24%	719 518	1.03%	743 062	1.03%
13.	Wood and furniture	822 508	1.14%	818 037	1.10%	632 047	0.91%	663 065	0.92%
14.	Meat processing industry	623 646	0.87%	642 171	0.86%	593 134	0.85%	690 510	0.96%
15.	Pharmaceuticals and health care	621 909	0.86%	748 274	1.00%	680 846	0.98%	743 926	1.04%
16.	Other wholesale trade	604 123	0.84%	680 990	0.91%	888 033	1.28%	1 196 271	1.67%
17.	Telecommunication	557 977	0.77%	583 776	0.78%	618 089	0.89%	666 393	0.93%
18.	Management, consulting, advertising	379 587	0.53%	485 090	0.65%	404 098	0.58%	885 752	1.23%
19.	Leasing and renting	279 038	0.39%	773 237	1.04%	429 591	0.62%	484 104	0.67%

As at 30 September 2013, the total exposure of the Group in the above sectors (excluding household customers) amounted to 32.00% of the credit portfolio (30 June 2013 – 31.72%, 31 December 2012 – 31.92%, 30 September 2012 - 32.67%).

18. Investment securities

	30.09.2013			30.06.2013			31.12.2012			30.09.2012		
	Investment securities without pledge	Pledged investment securities	Total investment securities	Investment securities without pledge	Pledged investment securities	Total investment securities	Investment securities without pledge	Pledged investment securities	Total investment securities	Investment securities without pledge	Pledged investment securities	Total investment securities
Debt securities	**20 035 411**	**4 587 607**	**24 623 018**	**17 664 323**	**4 747 658**	**22 411 981**	**17 174 158**	**2 546 282**	**19 720 440**	**13 736 827**	**3 887 501**	**17 624 328**
Issued by government	13 175 560	4 586 407	17 761 967	11 845 353	4 746 458	16 591 811	9 076 533	2 420 333	11 496 866	8 994 706	3 802 577	12 797 283
- government bonds	13 175 560	4 586 407	17 761 967	11 692 938	4 746 458	16 439 396	9 076 533	2 420 035	11 496 568	8 895 661	3 801 540	12 697 201
- treasury bills	-	-	-	152 415	-	152 415	-	298	298	99 045	1 037	100 082
Issued by central bank	6 710 413	1 200	6 711 613	5 664 317	1 200	5 665 517	7 855 805	125 949	7 981 754	4 356 177	84 924	4 441 101
Other debt securities	149 438	-	149 438	154 653	-	154 653	241 820	-	241 820	385 944	-	385 944
- bank's bonds	64 995	-	64 995	64 589	-	64 589	123 901	-	123 901	352 143	-	352 143
- corporate bonds	48 123	-	48 123	52 900	-	52 900	80 131	-	80 131	-	-	-
- communal bonds	36 320	-	36 320	37 164	-	37 164	37 788	-	37 788	33 801	-	33 801
Equity securities:	**271 336**	**-**	**271 336**	**269 974**	**-**	**269 974**	**272 948**	**-**	**272 948**	**233 504**	**-**	**233 504**
Listed	226 395	-	226 395	226 900	-	226 900	225 108	-	225 108	185 249	-	185 249
Unlisted	44 941	-	44 941	43 074	-	43 074	47 840	-	47 840	48 255	-	48 255
Total debt and equity securities:	**20 306 747**	**4 587 607**	**24 894 354**	**17 934 297**	**4 747 658**	**22 681 955**	**17 447 106**	**2 546 282**	**19 993 388**	**13 970 331**	**3 887 501**	**17 857 832**
Short-term (up to 1 year)	7 294 999	666 734	7 961 733	6 260 662	795 195	7 055 857	8 794 515	156 185	8 950 700	6 308 368	701 257	7 009 625
Long-term (over 1 year)	13 011 748	3 920 873	16 932 621	11 673 635	3 952 463	15 626 098	8 652 591	2 390 097	11 042 688	7 661 963	3 186 244	10 848 207

The above includes government bonds and treasury bills under the Bank Guarantee Fund (BFG), investment government bonds pledged as sell-buy-back transactions, government bonds pledged as collateral for the loans received from the European Investment Bank and government bonds pledged as collateral for deposit placed by the client.

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As at 30 September2013, presented above value of equity securities includes provisions for impairment of PLN 10 922 thousand (30 June 2013: PLN 10 470 thousand, 31 December 2012: PLN 10 970 thousand, 30 September 2012: PLN 10 854 thousand).

As at 30 September 2013, listed equity securities include fair value of PZU shares in amount of PLN 200 671 thousand, (30 June 2013 – PLN 193 858, 31 December 2012 – PLN 206 775 thousand, 30 September 2012 – PLN 170 341 thousand).

19. Intangible assets

	30.09.2013	30.06.2013	31.12.2012	30.09.2012
Development costs	407	435	490	556
Goodwill	4 728	4 728	4 728	4 728
Patents, licences and similar assets, including:	306 831	308 257	282 619	282 475
- computer software	249 225	252 335	228 750	222 789
Other intangible assets	7 341	7 517	7 968	8 224
Intangible assets under development	101 863	94 491	140 318	111 976
Total intangible assets	**421 170**	**415 428**	**436 123**	**407 959**

20. Tangible assets

	30.09.2013	30.06.2013	31.12.2012	30.09.2012
Tangible fixed assets, including:	676 757	688 256	733 553	749 899
- land	1 267	1 242	1 175	1 175
- buildings and structures	215 635	216 708	219 773	221 303
- equipment	154 845	154 773	162 573	166 052
- vehicles	187 851	192 848	212 490	215 458
- other fixed assets	117 159	122 685	137 542	145 911
Fixed assets under construction	46 331	48 424	40 351	38 254
Total tangible fixed assets	**723 088**	**736 680**	**773 904**	**788 153**

21. Amounts due to customers

	30.09.2013	30.06.2013	31.12.2012	30.09.2012
Individual customers:	**32 594 899**	**33 689 231**	**33 233 757**	**28 678 420**
Current accounts	24 510 138	24 496 406	21 059 319	19 991 899
Term deposits	8 044 975	9 139 181	12 121 656	8 641 064
Other liabilities:	39 786	53 644	52 782	45 457
- liabilities in respect of cash collaterals	18 451	30 903	32 763	33 037
- other	21 335	22 741	20 019	12 420
Corporate customers:	**26 635 654**	**27 351 389**	**24 248 650**	**27 936 607**
Current accounts	11 760 804	12 402 829	11 731 164	10 563 744
Term deposits	8 971 988	6 982 155	8 336 226	11 885 149
Loans and advances received	1 925 264	1 550 259	1 696 404	1 708 574
Repo transactions	3 380 943	5 862 005	1 883 368	3 216 738
Other liabilities:	596 655	554 141	601 488	562 402
- liabilities in respect of cash collaterals	410 015	411 592	408 776	409 418
- other	186 640	142 549	192 712	152 984
Public sector customers:	**854 521**	**1 154 578**	**501 193**	**613 745**
Current accounts	539 244	445 909	387 383	459 751
Term deposits	313 319	693 344	110 765	140 562
Other liabilities:	1 958	15 325	3 045	13 432
- liabilities in respect of cash collaterals	-	-	152	46
- other	1 958	15 325	2 893	13 386
Total amounts due to customers	**60 085 074**	**62 195 198**	**57 983 600**	**57 228 772**

Short-term (up to 1 year)	57 211 284	60 056 910	55 788 507	55 024 615
Long-term (over 1 year)	2 873 790	2 138 288	2 195 093	2 204 157

The Group presents amounts due to micro enterprises provided by Retail Banking of BRE Bank (mBank and MultiBank) under amounts due to individual customers.

In the presented reporting periods the value of liabilities in respect of current accounts and term deposits accepted from micro enterprises amounted to respectively: 30 September 2013 – PLN 2 185 309 thousand, 30 June

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2013 – PLN 2 178 799 thousand, 31 December 2012 - PLN 3 299 478 thousand, 30 September 2012 – PLN 2 166 010 thousand.

22. Provisions

	30.09.2013	30.06.2013	31.12.2012	30.09.2012
For off-balance sheet granted contingent liabilities *	53 627	40 017	46 462	44 651
For legal proceedings	42 808	47 342	47 204	39 493
Technical-insurance provisions	82 205	84 512	84 512	82 657
Other	36 666	33 245	35 149	13 219
Total provisions	**215 306**	**205 116**	**213 327**	**180 020**

* includes valuation of financial guarantees

Movements in the provisions

	30.09.2013	30.06.2013	31.12.2012	30.09.2012
As at the beginning of the period (by type)	**213 327**	**213 327**	**153 168**	**153 168**
For off-balance sheet granted contingent liabilities	46 462	46 462	30 906	30 906
For legal proceedings	47 204	47 204	25 644	25 644
Technical-insurance provisions	84 512	84 512	80 864	80 864
Other	35 149	35 149	15 754	15 754
Change in the period (due to)	**1 979**	**(8 211)**	**60 159**	**26 852**
- increase of provisions	108 333	57 136	224 404	159 599
- release of provisions	(86 304)	(54 295)	(160 168)	(129 006)
- write-offs	(20 122)	(11 385)	(2 697)	(2 685)
- utilization	(150)	(150)	-	-
- foreign exchange differences	222	483	(1 380)	(1 056)
As at the end of the period (by type)	**215 306**	**205 116**	**213 327**	**180 020**
For off-balance sheet granted contingent liabilities	53 627	40 017	46 462	44 651
For legal proceedings	42 808	47 342	47 204	39 493
Technical-insurance provisions	82 205	84 512	84 512	82 657
Other	36 666	33 245	35 149	13 219

23. Assets and provisions for deferred income tax

Deferred income tax assets	30.09.2013	30.06.2013	31.12.2012	30.09.2012
As at the beginning of the period	**737 353**	**737 353**	**646 760**	**646 760**
Changes recognized in the income statement	(87 775)	(28 346)	95 463	112 998
Changes recognized in other comprehensive income	52	165	(4 492)	(36 460)
Other changes	(374)	(259)	(378)	(759)
As at the end of the period	**649 256**	**708 913**	**737 353**	**722 539**

Provisions for deferred income tax	30.09.2013	30.06.2013	31.12.2012	30.09.2012
As at the beginning of the period	**(369 194)**	**(369 194)**	**(339 966)**	**(339 966)**
Changes recognized in the income statement	10 944	(4 225)	33 371	(40 815)
Changes recognized in other comprehensive income	49 886	47 722	(62 568)	(3 827)
Other changes	-	-	(31)	624
As at the end of the period	**(308 364)**	**(325 697)**	**(369 194)**	**(383 984)**

The Bank's calculation of deferred income tax assets does not take into account the unused tax losses sustained by the foreign branches of BRE Bank due to the fact that there is no sufficient basis to assess the likelihood of whether sufficient taxable income will be generated allowing the Bank to settle these losses. Moreover, it also results from high volatility of macroeconomic parameters leading to a lack of a clear trend in the development of tax income of the foreign branches. At the same time, on a quarterly basis the foreign branches will estimate the likelihood of loss settlement, taking into account the macroeconomic conditions.

24. Capital adequacy ratio

On 4 July 2012, Polish Financial Supervision Authority (KNF) and Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) granted conditional consent to the application of the advanced internal rating based approach (A-IRB approach) by BRE Bank to the calculation of the capital requirement for credit risk for the corporate portfolio and the retail mortgage loan portfolio, with a provision that until the significant conditions laid down in the decision are met, the total capital requirement calculated with the application of the A-IRB approach must be maintained at the level based on 100% of the capital requirement for credit risk calculated under the standardised approach. Additionally, on 27 August 2012 KNF and BaFin granted consent to the application of internal rating based approach concerning the risk weighting for specialized lending exposures (IRB slotting approach) by BRE Bank Hipoteczny SA to the calculation of the capital requirement for credit risk.

Since the BRE Bank met all high-significance conditions set out in the consent of KNF and BaFin regarding A-IRB application, starting from 31 December 2012, the calculation of the consolidated capital adequacy ratio of BRE Bank Group takes into account the total capital requirement determined under the A-IRB approach for credit risk pursuant to annex No. 5 to the Resolution No. 76/2010 of KNF of 10 March 2010 (with further amendments). Additionally own funds are calculated with the application of the deduction derived from the A-IRB approach and stood above 80% of comparative total capital requirement as stipulated in article 14 of Resolution No. 76/2010 of KNF of 10 March 2010 (with further amendments).

The calculation of the capital adequacy ratio as of 30 September 2012 takes into account the total capital requirement as well as capital deductions calculated with the application of the advanced internal ratings based approach ("A-IRB approach"). In accordance with the conditions set out in the consent of BaFin and Polish Financial Supervision Authority to use this approach until certain regulatory conditions are met, the total capital requirement had to remain at least equal to the total capital requirement assumed under the standardized approach, whereas the amount of own funds had to reflect the more restrictive rules applicable for banks using the A-IRB approach.

As at 30 September 2013, the consolidated capital adequacy ratio of BRE Bank Group SA amounted to 19.17% and capital adequacy ratio of BRE Bank SA amounted to 20.88%. Additionally the consolidated Tier 1 capital adequacy ratio of BRE Bank Group SA amounted to 14.02% and Tier 1 capital adequacy ratio of BRE Bank SA amounted to 15.12%.

Had in the calculations of consolidated capital adequacy ratios as of 30 September 2013 BRE Bank Group still included own funds and total capital requirement according to the methodology applied in the capital ratios calculation as of 30 September 2012, the consolidated capital adequacy ratio of BRE Bank Group SA as of 30 September 2013 would have amounted to 15.67% and BRE Bank SA would have amounted to 16.70%. Additionally the consolidated Tier 1 capital adequacy ratio of BRE Bank Group SA would have amounted to 11.46% and Tier 1 capital adequacy ratio of BRE Bank SA 12.10%.

Selected explanatory information

1. Compliance with international financial reporting standards

The presented consolidated report for the third quarter of 2013 fulfils the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' relating to interim financial reports.

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

A detailed description of the accounting policy principles of the Group is presented under items 2 and 3 of the Notes to the Condensed Consolidated Financial Statements for the third quarter of 2013. The accounting policies were applied consistently over all 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. 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

Events as indicated above did not occur in the Group.

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

In the third quarter of 2013, there were no significant changes in estimate values of items presented in previous reporting periods.

6. Issues, redemption and repayment of non-equity and equity securities

On 25 September 2013, BRE Finance France SA (BFF), a subsidiary of the Bank (the Bank holds 99.98% of the subsidiary's shares), issued the next tranche of Eurobonds with a nominal value of CHF 200 000 thousand (equivalent to PLN 685 500 thousand at the average exchange rate of the National Bank of Poland as at 25 September 2013). The settlement of the issue took place on 8 October 2013.

On 8 October 2013, the funds raised from the issue in the amount of CHF 198 967 thousand (equivalent to PLN 681 959 thousand at the average exchange rate of the National Bank of Poland as at 25 September 2013), on the basis of the agreement concluded on 25 September 2013, were deposited by BFF in BRE Bank as the security deposit to back the guarantee to secure the payment obligations from the Eurobonds.

In the third quarter 2013, BRE Bank Hipoteczny (BBH) issued bonds in amount of PLN 15 000 thousand and mortgage bonds in amount of EUR 30 000 thousand. In the same time, BBH redeemed bonds in amount of PLN 40 000 thousand and mortgage bonds in amount of PLN 100 000 thousand.

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

On 11 April 2013, the XXVI Ordinary General Meeting of BRE Bank SA adopted a resolution regarding the distribution of the profit with the decision to pay a dividend for the year 2012. The dividend to the shareholders contributed an amount of PLN 421 419 860, wherein the amount of the dividend per one share was PLN 10. Number of shares eligible for dividend was 42 141 986. The dividend date was fixed for the 15th of May 2013. Payment of the dividend was on 29 May 2013.

8. Significant events after the end of the third quarter of 2013, which are not reflected in the financial statements

On 3 October 2013, the Law from 26 July 2013 about change about Law on Bank Guarantee Fund (BFG) and some other laws entered into force, imposing to entities covered by the guarantee system an obligation to pay for BFG an additional annual type of fee, so-called caution levy, the maximum rate of which may reach up to 0.2% of the calculation basis of the annual fee. The calculation basis of the annual fee is the total risk exposure amount as of the end of the previous year. Information about the actually binding rate of caution levy, including caution levy for 2013, will be published in form of the Resolution of the Council of BFG. Until the date of publishing this financial statement, the Resolution of the Council of BFG about caution levy rate for 2013 has not been published.

Regulations regarding earlier annual fee for BFG have not been changed.

9. Effect of changes in the structure of the entity in the third quarter of 2013, including business combinations, acquisitions or disposal of subsidiaries, long-term investments, restructuring, and discontinuation of business activities

Events as indicated above did not occur in the Group.

10. Changes in contingent liabilities and commitments

In the third quarter of 2013, there were no changes in contingent liabilities and commitments of 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.

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

Events as indicated above did not occur in the Group.

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

Events as indicated above did not occur in the Group.

13. Revaluation write-offs on account of impairment of financial assets

Data regarding write-offs on account of impairment of financial assets are presented in Note 9 and 11 of these condensed consolidated financial statements.

14. Reversals of provisions against restructuring costs

Events as indicated above did not occur in the Group.

15. Acquisitions and disposals of tangible fixed asset items

In the third quarter of 2013, there were no material transactions of acquisition or disposal of any tangible fixed assets, with the exception of typical lease and property development operations that are performed by the companies of the Group.

16. Material liabilities assumed on account of acquisition of tangible fixed assets

Events as indicated above did not occur in the Group.

17. Information about changing the process (method) of measurement the fair value of financial instruments

In the third quarter of 2013, events as indicated above did not occur in the Group.

18. Changes in the classification of financial assets due to changes of purpose or use of these assets

Events as indicated above did not occur in the Group.

19. Corrections of errors from previous reporting periods

In the third quarter of 2013, there were no corrections of errors from previous reporting periods.

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

Events as indicated above did not occur in the Group.

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

BRE Bank did not publish a performance forecast for the year 2013.

22. Registered share capital

The total number of ordinary shares as at 30 September 2013 was 42 170 252 shares (30 September 2012: 42 137 036) at PLN 4 nominal value each (30 September 2012: PLN 4). All issued shares were fully paid up.

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REGISTERED SHARE CAPITAL (THE STRUCTURE) AS AT 30 SEPTEMBER 2013						
Share type	Type of privilege	Type of limitation	Number of shares	Series / face value of issue in PLN	Paid up	Registered on
ordinary bearer*	-	-	9 982 000	39 928 000	fully paid in cash	1986
ordinary registered*	-	-	18 000	72 000	fully paid in cash	1986
ordinary bearer	-	-	2 500 000	10 000 000	fully paid in cash	1994
ordinary bearer	-	-	2 000 000	8 000 000	fully paid in cash	1995
ordinary bearer	-	-	4 500 000	18 000 000	fully paid in cash	1997
ordinary bearer	-	-	3 800 000	15 200 000	fully paid in cash	1998
ordinary bearer	-	-	170 500	682 000	fully paid in cash	2000
ordinary bearer	-	-	5 742 625	22 970 500	fully paid in cash	2004
ordinary bearer	-	-	270 847	1 083 388	fully paid in cash	2005
ordinary bearer	-	-	532 063	2 128 252	fully paid in cash	2006
ordinary bearer	-	-	144 633	578 532	fully paid in cash	2007
ordinary bearer	-	-	30 214	120 856	fully paid in cash	2008
ordinary bearer	-	-	12 395 792	49 583 168	fully paid in cash	2010
ordinary bearer	-	-	16 072	64 288	fully paid in cash	2011
ordinary bearer	-	-	36 230	144 920	fully paid in cash	2012
ordinary bearer	-	-	31 276	125 104	fully paid in cash	2013
Total number of shares			42 170 252			
Total registered share capital				168 681 008		
Nominal value per share (PLN)		4				

* As at the end of the reporting period

23. Material share packages

Commerzbank AG is a shareholder holding over 5% of the share capital and votes at the General Meeting and as at 30 September 2013 it held 69.61% of the share capital and votes at the General Meeting of BRE Bank SA.

Pursuant to a notice dated 8 July 2011, the Bank informed in the current report No.46/2011, that ING Powszechny Fundusz Emerytalny (Fundusz) became the owner of BRE Bank shares representing more than 5% of the votes at the General Meeting of BRE Bank.

Prior to this acquisition of shares, Fundusz held 2 085 431 shares of BRE Bank, which constituted 4.96% of BRE Bank's share capital and entitled it to exercise 2 085 431 votes at the General Meeting of BRE Bank, which represented 4.96% of the total number of votes at the General Meeting of BRE Bank.

On 8 July 2011, there were 2 290 882 shares of BRE Bank at the Fund's securities account. It constitutes 5.44% of BRE Bank's share capital which entitles to exercise 2 290 882 votes at the General Meeting of BRE Bank, representing 5.44% of the total number of votes at the General Meeting of BRE Bank.

In the third quarter of 2013, there was a change in the holding of material share packages of the Bank.

On 2 August 2013, BRE Bank received from AVIVA Otwarty Fundusz Emerytalny Aviva BZ WBK ("Aviva OFE") notification of exceeding 5% of the total number of votes at the General Meeting of BRE Bank. Prior to the acquisition of shares Aviva OFE held 2 070 319 shares of BRE Bank, representing 4.91% of the share capital (issued shares) of BRE Bank and carrying 2 070 319 votes at the General Meeting of BRE Bank, which represented 4.91% of total votes.

Following the acquisition, as at 31 July 2013, Aviva OFE held 21 140 284 shares of BRE Bank, representing 5.08% of the share capital (number of issued shares) of BRE Bank and carrying 2 140 284 votes at the General Meeting of BRE Bank, which were representing 5.08% of the total number of votes.

In the third quarter of 2013, the National Depository of Securities (KDPW) has registered 28 266 shares of BRE Bank, which were issued as part of the conditional increase in the share capital of the Bank by issuance of shares with no subscription rights for the existing shareholders in order to enable beneficiaries of the incentive programmes to take up shares in BRE Bank SA. As a result of the above registration, in the third quarter of 2013 the Bank's share capital increased by PLN 113 064.

In connection with the registration on 10 October 2013 by KDPW 2 745 shares of BRE Bank, BRE Bank's share capital increased on 10 October 2013 by the amount of PLN 10 980. The shares were issued as part of the conditional increase in the share capital of the Bank by issuance of shares with no subscription rights for the existing shareholders with the aim of granting those shares to beneficiaries of the incentive programmes. As at the publication date of this financial statements, the share capital of BRE Bank amounted to PLN 168 691 988 and was divided into 42 172 997 shares.

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24. Change in Bank shares and rights to shares held by managers and supervisors

	Number of shares held as at the date of publishing the report for H1 2013	Number of shares acquired from the date of publishing the report for H1 2013 to the date of publishing the report for Q3 2013	Number of shares sold from the date of publishing the report for H1 2013 to the date of publishing the report for Q3 2013	Number of shares held as at the date of publishing the report for Q3 2013
Management Board				
1. Cezary Stypułkowski	-	-	-	-
2. Przemysław Gdański	-	-	-	-
3. Joerg Hessenmueller	3 036	-	-	3 036
4. Lidia Jabłonowska-Luba	-	-	-	-
5. Hans-Dieter Kemler	1 962	-	1 962	-
6. Cezary Kocik	-	1	1	-
7. Jarosław Mastalerz	2 187	-	2 187	-

As at the date of publishing the report for the first half of 2013 and as at the date of publishing the report for the third quarter of 2013, the Members of the Management Board had no Bank rights to shares and they have no Bank rights to shares.

As at the date of publishing the report for the first half of 2013 and as at the date of publishing the report for the third quarter of 2013, Mr. Wiesław Thor, Member of the Supervisory Board of BRE Bank SA, had 5 447 shares of BRE Bank SA. Moreover, as at the date of publishing the report for the third quarter of 2013, Mr. Wiesław Thor had 1 016 rights to shares of the Bank. As at the date of publishing the report for the first half of 2013 and as at the date of publishing the report for the third quarter of 2013, the other Members of the Supervisory Board of BRE Bank SA had neither Bank shares nor Bank rights to shares.

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

As at 30 September 2013, the Bank was not involved in any proceedings before a court, arbitration body, or public administration authority concerning liabilities of the Bank or its subsidiaries, which represent at least 10% of the Bank's equity. Moreover, the total value of claims concerning liabilities of the Bank or its subsidiary in all proceedings before a court, an arbitration body or a public administration authority as at 30 September 2013 was also not higher than 10% of the Bank's equity.

The Bank monitors the status of all legal proceedings brought against the Bank and the level of required provisions.

Report on major proceedings brought against the Bank

1. Lawsuit brought by Bank BPH SA ('BPH') against Garbary Sp. z o.o. ('Garbary')

   BPH 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 cancel actions related to the creation of Garbary and the contribution in kind. The dispute focuses on determination of the value of the right to perpetual usufruct of land and related buildings that ZM Pozmeat SA contributed in kind to Garbary as payment for a stake in ZM Pozmeat SA share capital worth PLN 100 000 thousand. On 6 June 2006, the District Court in Poznań issued a verdict according to which the claims were dismissed in their entirety. The claimant filed an appeal against that verdict. On 6 February 2007, the Court of Appeal dismissed the claimant's appeal. The claimant filed the last resort appeal against the ruling of the Court of Appeal. On 2 October 2007, the Supreme Court revoked the ruling of the Court of Appeal and referred the case back. After re-examining the case, the Court of Appeal dismissed the ruling of the District Court in Poznań on 4 March 2008 and referred the case back. On 16 September 2010, the District Court in Poznań dismissed the claim in whole. On 19 October 2010, BPH filed an appeal against the ruling in question. On 24 February 2011, the Court of Appeal made a decision on revoking the ruling and discontinuance of proceedings involving Bank Pekao S.A. (the Bank entered in the proceedings as successor of BPH) justified by lack of title to bring the action before the court on the side of the Bank. The case was returned to the court of the first instance where it will be continued with the participation of BPH as the claimant. Bank Pekao SA filed the last resort appeal against the aforesaid decision with the Supreme Court. On 25 April 2012, the Supreme Court revoked the aforesaid decision of the Court of Appeal and referred the case back.

2. Lawsuit brought by Bank BPH SA against the Bank and Tele-Tech Investment Sp. z o.o. ('TTI')

   On 17 November 2007, BPH brought to court a case for damages in the amount of PLN 34 880 thousand plus statutory interest from 20 November 2004 to the date of payment, due to alleged illegal actions such as the sale by ZM Pozmeat SA to TTI 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, while ZM Pozmeat SA was at risk of insolvency.

In its reply to the claim, the Bank petitioned the Court for dismissing the claim on the grounds of there being no legal basis for allowing the claim. On 1 December 2009, the Court decided to suspend the case until the completion of Pozmeat's bankruptcy proceedings. On 26 January 2011, the court has decided to reinstate suspended proceedings due to the closing of the insolvency procedure. On 5 June 2012, the court once again decided to suspend the proceedings until the case filed by Bank BPH SA against Garbary Sp. z o.o. is finally settled.

3. Claims of clients of Interbrok

170 entities who were clients of Interbrok Investment E. Dróżdż i Spółka Spółka jawna (hereinafter referred to as Interbrok) called the Bank for amicable settlement in the total amount of PLN 385 520 thousand and via the District Court in Warsaw. In addition, 9 legal compensation suits have been delivered to the Bank. Eight of the nine suits where placed by former clients of Interbrok for 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 the Bank aided in Interbrok's illegal activities, which caused damage to plaintiffs. The District Court in Warsaw settled 8 of the aforementioned court cases and dismissed actions in all cases. As a consequence of the Court of Appeal verdict on 4 March 2010, one of the judgments becomes final and valid. On 22 June 2011, the Supreme Court dismissed the plaintiff's cassation appeal in the said case. As far as the remaining cases are concerned, on 21 December 2010 and 17 January 2012, the Court of Appeals revoked the judgments of the District Court and remanded the cases to the District Court in Warsaw for re-examination. On 23 May 2013, the District Court in Warsaw upon re-examination of the case of 6 former clients of Interbrok dismissed actions for a total of PLN 600 thousand. The judgement is not final and valid. In the 9th case the value of the subject of litigation amounts to PLN 275 423 thousand together with statutory interest and legal costs. The amount set forth in the petition is to cover the receivables, acquired by the Plaintiff by way of assignment, due to parties aggrieved by Interbrok on account of the reduction (as a result of Interbrok's bankruptcy) of the receivables by a return of the deposits paid by the aggrieved for making investments on the forex market. The Plaintiff claims the Bank's liability on the grounds of the Bank's aiding to commit the illicit act of Interbrok involving the pursuit of brokerage activity without a permit. At present, the case is being heard by the court of first instance.

In all court cases the Bank moves for dismissal of the claims in entirety and objects to charges raised 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 case. Therefore, BRE Bank Group did not create provisions for the above claims.

4. Class action against BRE Bank

On 4 February 2011, BRE Bank SA received a class action brought to the District Court in Łódź on 20 December 2010 by the Municipal Ombudsman who represents a group of 835 persons – retail clients of BRE Bank. The petitioners demand that a responsibility of the Bank is determined for improper performance of mortgage credit agreements. In particular, it was indicated that the Bank improperly applied provisions of the agreements concerning interest rates adjustment, namely that the Bank did not reduce interest rates on loans, although, according to the petitioners, it should have. The Bank rejects the above reasoning. On 18 February 2011, the Bank submitted a formal answer to the court, in which it applied for a dismissal of the claim as a whole.

On 6 May 2011, the District Court in Łódź decided to reject the application of BRE Bank SA for dismissing the claim and decided that the case will proceed as a class action. On 13 June 2011, BRE Bank SA lodged a complaint against this decision with the Court of Appeal in Łódź. On 28 September 2011, the Court of Appeal dismissed the complaint of BRE Bank SA. Currently, the case proceeds as a class action. The time for joining the class ended in March 2012. As at 17 October 2012, the approved class consisted of 1 247 members. Moreover, the District Court in Łódź ruled against setting up a cash deposit for BRE Bank SA requested by the Bank. The Bank lodged a complaint against this ruling. On 29 November 2012, the Court of Appeal in Łódź dismissed the Bank's complaint about setting up the cash deposit. The ruling is valid and the Plaintiff is not obliged to pay the cash deposit. The final response to the petition was sent in January, while the Plaintiff replied to it in a pleading filed on 15 February 2013. By a decision dated 18 February 2013, the District Court in Łódź decided to refer the case to mediation. In a letter dated 26 February 2013, the Municipal Consumer Ombudsman raised an objection to the mediation. On 22 June 2013, a trial was conducted, and on 3 July 2013, the Court announced its judgment in which it took into account the action in its entirety acknowledging that the Bank improperly performed the agreement whereby the consumers sustained a loss. On 9 September 2013, the Bank made an appeal against the judgement and is currently waiting for setting the date of a hearing. The verdict of the first instance court does not significantly influence the Bank's perception of the legal risk in this case.

As at 30 September 2013, the Bank was not involved in any proceedings before a court, arbitration body, or public administration authority concerning receivables of the Bank or its subsidiaries, which represent at least 10% of the Bank's equity. The total value of claims concerning receivables of the Bank or its subsidiaries in all proceedings before a court, an arbitration body or a public administration authority underway at 30 September 2013 was also not higher than 10% of the Bank's equity.

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Taxes

On 7 January 2013 Director of the Treasury Control Office in Warsaw (Urząd Kontroli Skarbowej w Warszawie) initiated audit proceedings and then tax audit within audit proceedings in BRE Bank S.A. concerning reliability of declared tax bases and correctness of calculation and payment of corporate income tax for the year 2007. Audit proceedings and tax audit are still pending.

Within the period from 24 August 2012 to 3 September 2012, officer of the First Mazovian Treasury Office in Warsaw (Pierwszy Mazowiecki Urząd Skarbowy w Warszawie) carried out audit proceedings and tax audit in BRE Bank Hipoteczny SA, concerning correctness of the settlement of the value added tax for June 2012. The audit did not identify any irregularities.

The tax authorities, may inspect at any time 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.

26. Off-balance sheet liabilities

Off-balance sheet liabilities as at 30 September 2013, 30 June 2013, 31 December 2012 and 30 September 2012, were as follows:

BRE Bank Group consolidated data

	30.09.2013	30.06.2013	31.12.2012	30.09.2012
1. Contingent liabilities granted and received	20 098 684	18 865 172	18 314 932	19 184 508
Commitments granted	18 589 472	17 561 120	17 537 692	17 997 467
- financing	15 625 339	14 493 549	14 585 184	14 872 660
- guarantees and other financial facilities	2 963 801	2 901 462	2 549 874	2 759 573
- other commitments	332	166 109	402 634	365 234
Commitments received	1 509 212	1 304 052	777 240	1 187 041
- financial commitments	524 089	434 260	-	259 000
- guarantees	985 123	869 792	777 240	928 041
2. Derivative financial instruments (nominal value of contracts)	676 769 864	719 738 161	643 818 208	652 110 445
Interest rate derivatives	630 259 071	666 554 238	604 007 736	604 765 232
Currency derivatives	43 742 513	51 509 149	38 923 265	41 788 011
Market risk derivatives	2 768 280	1 674 774	887 207	5 557 202
Total off-balance sheet items	696 868 548	738 603 333	662 133 140	671 294 953

BRE Bank stand-alone data

	30.09.2013	30.06.2013	31.12.2012	30.09.2012
1. Contingent liabilities granted and received	21 167 854	19 826 410	19 486 909	18 409 820
Commitments granted	19 491 430	18 524 773	18 711 412	17 224 522
- financing	14 335 707	13 242 600	13 675 517	14 065 796
- guarantees and other financial facilities	5 155 723	5 116 298	4 633 495	2 793 726
- other commitments	-	165 875	402 400	365 000
Commitments received	1 676 424	1 301 637	775 497	1 185 298
- financial commitments received	693 530	434 260	-	259 000
- guarantees received	982 894	867 377	775 497	926 298
2. Derivative financial instruments (nominal value of contracts)	678 792 377	720 508 204	644 321 065	652 531 439
Interest rate derivatives	631 516 812	667 679 965	604 951 383	605 308 777
Currency derivatives	44 507 761	51 153 891	38 482 961	41 665 460
Market risk derivatives	2 767 804	1 674 348	886 721	5 557 202
Total off-balance sheet items	699 960 231	740 334 614	663 807 974	670 941 259

27. 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 as well as the direct parent of BRE Bank SA.

Up to 27 December 2012, the direct parent of BRE Bank SA was Commerzbank Auslandsbanken Holding AG, 100% subsidiary of Commerzbank AG.

All transactions between the Bank and related entities were typical and routine transactions concluded on terms, which not differ from arm's length 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.

The amounts of transactions with related entities, i.e., balances of receivables and liabilities and related costs and income as at 30 September 2013, 31 December 2012 and 30 September 2012 were as follows.

PLN (000's)	BRE Bank's subsidiaries not consolidated by acquisition method			Commerzbank AG Group		
As at the end of the period	30.09.2013	31.12.2012	30.09.2012	30.09.2013	31.12.2012	30.09.2012
Statement of Financial Position						
Assets	59 343	60 645	54 226	624 695	927 505	907 113
Liabilities	484	994	1 017	20 187 463	21 441 573	21 540 760
Income Statement						
Interest income	2 821	3 623	2 692	86 051	114 886	71 555
Interest expense	(14)	(58)	(61)	(260 231)	(381 400)	(290 059)
Fee and commission income	29	83	21	-	-	-
Fee and commission expense	-	-	-	-	-	-
Other operating income	2	-	2	178	113	87
Overhead costs, amortisation and other operating expenses	(70)	-	(87)	(10 071)	(12 309)	(8 943)
Contingent liabilities granted and received						
Liabilities granted	854	3 285	1 022	912 448	834 033	954 852
Liabilities received	-	-	-	636 838	511 959	519 953

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

As at 30 September 2013, the Bank's exposure under guarantees granted in excess of 10% of own funds related to the guarantee payment of all amounts to be paid in respect of debt securities issued under Euro Medium Term Note Programme by BRE Finance France SA, a subsidiary of the BRE Bank. On 4 October 2012, the subsidiary issued Eurobonds with a nominal value of EUR 500 000 thousand maturing on 12 October 2015. The guarantee was given on 4 October 2012 for the duration of the Programme, that is until 12 October 2015.

29. 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 17 September 2013, BRE Bank SA was informed that the Polish Financial Supervision Authority granted its consent to appoint Mrs. Lidia Jabłonowska-Luba as Vice President of the Management Board in charge of risk management at BRE Bank and Chief Risk Officer.

From 12 April 2013 to the date of approval by the Polish Financial Supervision Authority to appoint Mrs. Lidia Jabłonowska-Luba for the position of Vice President of the Management Board responsible for the risk management of the Bank and for the post of Chief Risk Officer, these duties were temporarily assigned to Mr. Cezary Stypułkowski, President of the Management Board of BRE Bank SA.

30. Factors affecting the results in the coming quarter

On 3 October 2013 the Law from 26 July 2013 about change about Law on Bank Guarantee Fund (BFG) and some other laws entered into force, imposing to entities covered by the guarantee system an obligation to pay for BFG an additional annual type of fee, so-called caution levy, the maximum rate of which may reach up to 0.2% of the calculation basis of the annual fee. The calculation basis of the annual fee is the total risk exposure amount as of the end of the previous year. Information about the actually binding rate of caution levy, including caution levy for 2013, will be published in form of the Resolution of the Council of BFG. The caution levy for 2013 should be paid within 60 days from the date of publication of the Resolution of the Council of BFG about actual rate of this levy.

Until the date of publishing this financial statement, the Resolution of the Council of BFG about caution levy rate for 2013 has not been published.