BRE BANK SA

MANAGEMENT BOARD REPORT

ON THE BUSINESS OF THE BRE BANK SA

in 2007

Warsaw, 28 February, 2008

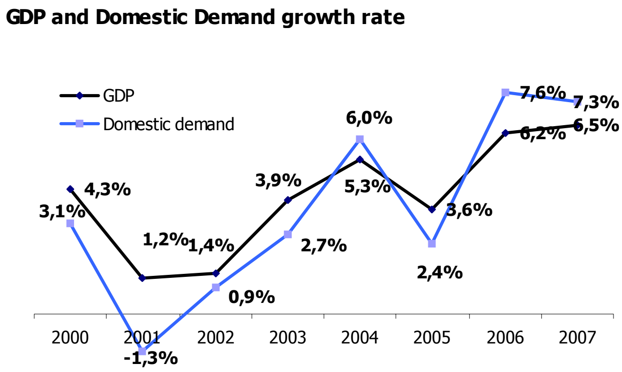
CONTENTS

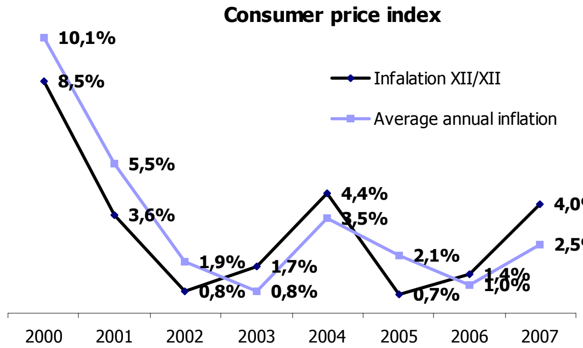
External Environment of the BRE Bank Group's Business

I. Poland's Economy in 2007

I.1.High Growth of the Gross Domestic Product

According to preliminary figures of the Polish Statistical Office GUS, the GDP growth rate was 6.5% in 2007. The growth rate was the highest in Poland since 1997. However, economic growth is becoming less sustainable and will probably be less dynamic in 2008 and beyond. The increasing imbalance is evident in the fast rising inflation, the growing current account gap, and changes in the labour market resulting in high payroll raises. The main driver of GDP growth in 2007 was domestic demand which rose 7.3% YoY in 2007. Investments were growing particularly fast (up 20.4% YoY) but the growth of private consumption also remained high (up 5.2% YoY). Due to the weaker external demand and modestly declining competitiveness of Polish exports, the growth rate of exports was down to 9.2% YoY. The growth in imports remained 2 percentage points above the growth in exports (up 11.6% YoY). As a result, the contribution of net exports to GDP growth remained negative.





1.2. Inflation and NBP Interest Rates

The growth in payrolls, exceeding the growth in productivity, and the economic growth rate, higher than the potential growth, were the main reasons for rising concerns with inflation. The annual CPI was up at 4.0% in December 2007, for the first time in three years above the upper limit of the allowed range of deviation from the NBP inflation target. Last year's fast growth of the CPI was mainly driven by supply-side factors, in particular foodstuff and energy prices rising globally. The CPI is expected to continue growing in 2008, especially in H1, periodically rising to ca. 4.5%. Core inflation (excluding food and fuel prices) remained low (1.5% in November, around 1.7% YoY in December), close to the level recorded in late 2006. The PPI also remained low and stable in 2007 (2.5% YoY in December). The globalisation effect (falling prices of imported goods, mainly clothing, footwear, and electronics) continued to curb the growth of prices, but its impact started to diminish.

The significant strengthening of the zloty (by 14.3% against the dollar and 5.5% against the euro) also had a positive impact on the local prices of imported goods (including oil products).

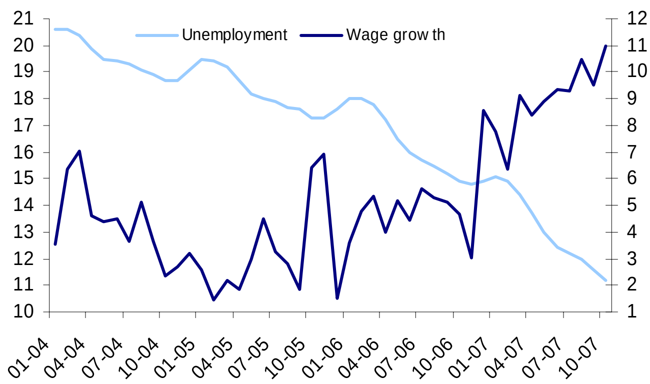
In response to the mounting threats to price stability, the Monetary Policy Council raised the interest rates on four occasions in 2008. As a result, the NBP reference rate rose from 4.00% to 5.00%. The yields of long-term Treasury bonds rose at a similar rate while the yields of short-term securities and money market instruments rose even more (by ca. 150 basis points on average); this caused a reversal of the yield curve. The monetary policy tightening cycle initiated in April 2007 is expected to continue in 2008. In January 2008, the base interest rates were raised by 25 bp. Prices of financial instruments and forecasts by most analysts suggest that the NBP reference rate may rise to ca. 6%.

I.3. Further Improvement on the Labour Market

The high economic growth and continued large-scale economic migration resulted in significant changes on the labour market. Employment grew by 2.9% YoY in the national economy and by a record-high 4.7% in the corporate sector in 2007. As demand for labour grew, the unemployment rate fell sharply from 14.8% at the end of 2006 to ca. 11.4% at the end of 2007. Eurostat data present an even better picture of the Polish labour market. According to Eurostat, the unemployment rate in Poland was only 8.5% in November 2007, no longer dramatically higher than the EU average (6.9%).

Changing relations between demand and supply on the labour market caused a shortage in some employee categories (according to NBP, this was the main barrier to corporate growth over the past quarters) and stepped up the growth of payrolls. The average salary in the corporate sector was up by 9.2% YoY in December 2007 while the average salary in the national economy rose by 8.6% in 2007. The high growth of payrolls is likely to continue in 2008 and may reach ca. 9%.

Unemployment rate and wages growth



The high economic growth and continued large-scale economic migration resulted in significant changes on the labour market. Employment grew by 2.9% YoY in the national economy and by a record-high 4.7% in the corporate sector in 2007. As demand for labour grew, the unemployment rate fell sharply from 14.8% at the end of 2006 to ca. 11.4% at the end of 2007. Eurostat data present an even better picture of the Polish labour market. According to Eurostat, the unemployment rate in Poland was only 8.5% in November 2007, no longer dramatically higher than the EU average (6.9%).

II. WSE: IPO Records, High Trading in Shares, Volatile Markets

In summary, 2007 was characterised by the following trends:

- IPOs: There were 81 IPOs on the Warsaw Stock Exchange Main Market and 24 IPOs on the NewConnect market in 2007. This set a historical record (previous record: 62 IPOs in 1997). The Main Market listed 351 companies at the year's end. The value of the IPOs was record-high: over PLN 18.2 billion on the main market, including PLN 15.4 billion of new share issues. Last year's entrants included 12 foreign companies whose offers totalled over PLN 13 billion. Sixteen IPOs in 2007 were worth over PLN 100 million each.
- Stocks trading: historical high of the volume of trading in shares – over PLN 482 billion, up by 40% YoY (previous record in 2006).
- Capitalisation: at the end of 2007, capitalisation was over PLN 1 trillion for the first time in history, including ca. PLN 510 billion of Polish companies and ca. PLN 570 billion of foreign companies. Compared to the end of 2006, the capitalisation of companies rose by ca. PLN 440 billion and the capitalisation of foreign companies rose by a factor of three, from PLN 198 to 570 billion. The high growth in the WSE capitalisation was largely driven by the IPO of UniCredit (capitalisation ca. PLN 270 billion) floated on 20 December.
- Indices: MIDWIG was replaced by mWIG40, whereas WIRR by sWIG80. In June, the WSE started to publish a new sector sub-index WIG-Developers. While TechWIG dropped (down by 12.4%), the other indices rose in 2007: WIG20 by 5.2%, WIG by 10.4%, MWIG by 7.9%, SWIG80 by 25.2%.
- Futures market: the volume of trading in all derivative instruments totalled almost 10 million contracts in 2007, up by 48% YoY. The value of trading was ca. PLN 661 billion in 2007, up by 75% YoY.
- The balance of investment by foreign investors on the WSE was at a negative USD 442 million.

Stock prices grew fast in H1 2007. On 6 July, the WIG index hit its record high of 67,568.51 points, up by 32% year to date. Thereafter the stocks started to fall in reaction to developments in the US and increasingly negative reports from its mortgage market and the economy at large. In September and October, stocks were rising following US interest rate cuts, but reports of further financial institutions at risk in the wake of the subprime crisis put an end to the uptrend on the WSE. The Polish stock market remained volatile by the end of 2007 with stocks falling modestly.

Investment funds and pension funds played an important role among investors. In 2007, Polish investment funds received PLN 31.5 billion, up by 19% year on year. The funds invested PLN 15.8 billion in the stock market, up by 28% year on year. The inflow was the strongest at PLN 30.3 billion in January-July 2007 when the WSE reported the sharpest rise. Assets under management of investment funds grew to PLN 133.8 billion in 2007, up by 35% year on year.

The average contribution of shares to pension fund portfolios was down to 34.9% at the end of 2007. Pension funds received PLN 17.7 billion from the Social Security Institution (ZUS) in 2007, and invested PLN 4.8 billion in shares. Assets under management of pension funds were PLN 140 billion, up by 20% year on year.

III. Banking Sector in 2007

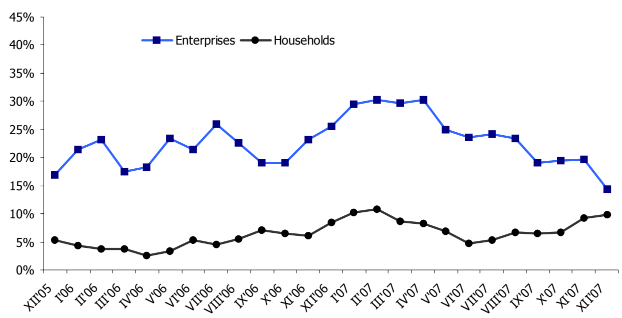
III.1. High Growth in Loans and Deposits

The growth rate of household loans remained high at close to 40% in 2007. Housing loans remained the fastest growing category (up by over 50% YoY) but consumer credits (up by 34.2% YoY) and credit card debt (up by 53% YoY%) were also growing fast, the latter largely due to its relatively low reference level.

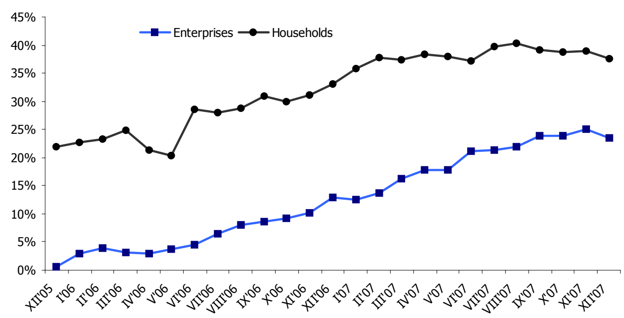
The growth rate of household deposits was modest in 2007: after a decrease in H1, it stepped up in H2 and reached 9.8% in December. The growth rate was higher at the end of the year mainly due to the declining conditions on the capital market and the resulting withdrawal of some assets from investment funds. Although the assets in investment funds fell in August and in November-December, the annual growth rate of assets under management of investment funds was high at 36%. The AuM were PLN 134.8 billion at the end of 2007, compared to PLN 99.2 billion in 2006.

The growth rate of corporate loans was rising steadily: it was 23.4% YoY in December (compared to 13% in December 2006), for the first time in many years higher than the growth rate of corporate deposits (down from 25.6% YoY in December 2006 to 14.4% YoY in December 2007).

Dynamic of non- financial sector deposits (y/y)



Dynamic of non-financial sector loans (y/y)



Due to last year's high growth rate of loans combined with a much lower growth rate of deposits, the total value of loans granted to customers was for the first time greater than customer deposits. Banks faced the challenge of securing stable sources of funding their dynamically growing loans portfolios. This prompted banks, previously competing mainly with loans, to try and encourage customers to invest their assets in bank deposits. Banks launched new savings products, raised the interest rate of deposits, and engaged in intensive promotion campaigns.

III.2. Banks' Good Financial Results

At the end of 2007, the total assets of the banking sector were PLN 801.7 billion, up by 17.6% year on year, mainly driven by loans to non-financial clients.

According to preliminary figures of the Polish Financial Supervision Authority (KNF), banks operating in Poland generated a net profit of PLN 13.8 billion in 2007, up by 28.6% year on year. The net profit of commercial banks was PLN 13.1 billion, up by 28.1%.

In commercial banks, income continued to grow faster than cost, although the growth rate of cost was rising steadily. The profit on banking operations grew by 17.9% YoY. The net interest income grew by 17.1% year on year. The net commission income rose even more, by 21.6% YoY, helped by the strong demand for loans as well as high sales of investment fund shares (except Q4) and insurance products.

The overhead cost of commercial banks was up by 14.2% year on year, driven mainly by the expansion of the branch network and the growing headcount as well as higher advertising and promotion expenses.

The strong financial standing of borrowers helped to keep relatively low the negative balance of net impairment provisions; it was PLN 1.6 billion in 2007, up by 2.2% YoY. As a result, it consumed only 4.2% of the profit on banking operations (compared to 4.9% in 2006). The share of non-performing loans in commercial banks' total amounts due from non-financial clients was down to 5.4% (from 7.6% at the end of 2006); quality improved mainly due to the growth of the loans portfolio.

These trends helped to improve the key profitability and effectiveness indicators of banks:

- ROE net of commercial banks grew from 23.1% at the end of 2006 to 25.7% at the end of 2007;
- C/I at 54.6% was down by 2.8 percentage points year on year.

As loans and the capital requirement for credit risk grew above the growth of banks' own funds, the banks' capital adequacy ratios decreased. The average capital adequacy ratio of commercial banks fell from 13.2% at the end of 2006 to 11.7% at the end of 2007, which was still above the required minimum (8%) and provided banks with room for further expansion. However, the expected continuation of the high growth in loans will probably force banks to retain more of their profits in order to strengthen their equity base.

III.3. Major Events and Changes in the Banking Sector

Changes in the Structure of the Sector

The major event which impacted the structure of the banking sector was the approval given by the Banking Supervision Commission (KNB) for the split of the Bank BPH SA enabling the merger of the Bank Pekao SA and a part of BPH creating the largest bank in Poland in terms of the balance sheet total.

The continued high growth rate of the banking sector and the expected positive prospect of its further growth were the main drivers of entry of new players to the Polish market. In three quarters of 2007, 7 branches of foreign credit institutions started operations in Poland. The Banking Supervision Commission received several applications for a banking licence.

Branch Network Expansion, Headcount Growth

In 2007, many banks continued to expand or modernise their branch networks. Almost 900 new branches were added. Banks mainly opened credit centres specialised to sell mortgage and cash loans and credit cards. Banks were developing both proprietary branch networks and partner locations as well as networks of mobile salesforce and external intermediaries. The expansion of the branch network was coupled with growth in the headcount: the number of employees of the banking sector grew by over 9 thousand in 2007.

Development of Non-cash Instruments

The market of non-cash payment instruments grew. The number of issued payment cards and the value of card transactions both increased. In 2007, the number of payment cards issued in Poland grew by over 1.5 million and reached nearly 26 million at the end of September. Like in past years, the number of credit cards grew the fastest, resulting in their share in total cards rising steadily to the disadvantage of debit and charge cards.

At the end of 2007, 11,098 ATMs were available to bank clients. The number and the total value of ATM transactions was growing quarter to quarter in 2007.

Changes in the Regulatory Environment

In 2007, the Banking Supervision Commission adopted a package of resolutions on the New Capital Accord (Basel II) and the CRD Directive implementing among others:

- new requirements for the calculation of capital requirements for risks;
- specific principles for risk management systems and internal control systems as well as specific conditions for the calculation of internal capital and review of the internal capital assessment and maintenance process by banks;
- requirements concerning the scope and principles of publication of qualitative and quantitative capital adequacy information by banks.

Resolution No. 9/2007 of the Banking Supervision Commission concerning the determination of liquidity norms binding on banks entered into force on 1 January 2008, introducing among others the obligation to measure liquidity, the quantitative norm, i.e. liquidity measures, and the obligation to maintain the norm at a certain level, as well as future liquidity reporting and monitoring obligations.

The Polish Financial Supervisory Authority (KNF) exercises banking supervision as of 1 January 2008 pursuant to the Financial Market Supervision Law dated 21 July 2006.

Activities of BRE Bank in 2007

I. Factors and Events Affecting the Results of BRE Bank

The profit before tax of BRE Bank was PLN 788.4 million in 2007, compared to PLN 406.4 million of profit before tax in 2006, up by 94.0% year on year.

Profitability grew thanks to an above-average growth in income, in particular income on the core business: the net interest and commission income and trading income.

The credit and loans impairment provisions (negative PLN 58.2 million) were up by 122.7% year on year. The provisions were mainly driven by the loans portfolio provisions due to a sharp increase in the loans portfolio.

In 2007, the operating income grew significantly while the costs remained under control, as reflected in year-on-year improvement of the profitability and productivity ratios. As a result in 2007 in BRE Bank:

- The profit before tax to the average annual equity (ROE) was 32.8% at the end of 2007, compared to 20.4% at the end of 2006;
- The Bank's cost/income ratio (C/I) was 55.5% at the end of 2007, compared to 65.3 % in 2006.

The main drivers of the financial results included:

- Steadily growing portfolio of loans and customer deposits thanks to expansion in retail banking and continued positive uptrend in the corporate loans market, which helped to improve the balance sheet structure in terms of profitability. The share of the loans portfolio in the balance sheet total was 54.5% at the end of 2007, compared to 48% in 2006.
- Continued positive trends in the financial and fx markets, especially in H1 2007, resulting in high profitability of trading: the trading income was up by 24.3% year on year;
- Strict cost discipline;
- Further significant improvement of the quality of the loans portfolio, resulting in relatively low credit and loans impairment provisions (PLN 58.2 million in 2007) charged to the costs of the Group;
- One-off events which impacted the 2007 profit included the sale of the subsidiary Skarbiec Asset Management Holding at a profit before tax of PLN 96.1 million and a stake in Mostostal Zabrze at a profit of PLN 14.1 million,
- The profit was reduced by the cost of mBank's expansion in the Czech and Slovak market. As the branches were only opened in late November 2007, their annual result was a loss of about PLN 27 million.

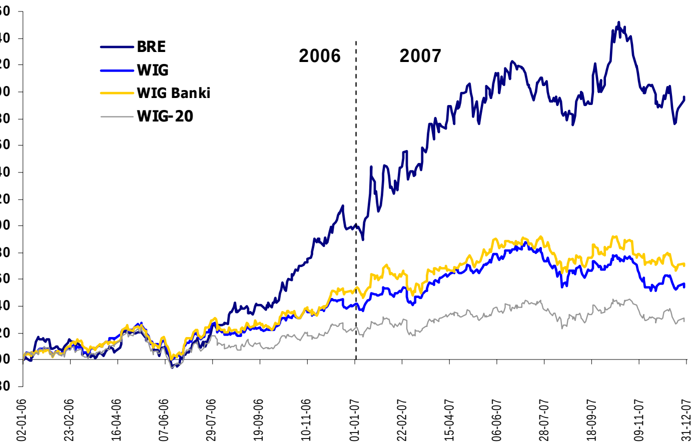
II. Shareholders and BRE Bank Share Price on WSE

Commerzbank Auslandsbanken Holding AG is a shareholder of BRE Bank that holds more than 5% of the share capital and votes at the General Meeting. It held 69.86% of the share capital and votes at the General Meeting of BRE Bank SA at 31 December 2007 (70.20% at 31 December 2006). It is a 100% subsidiary of Commerzbank AG (CB). BRE Bank shares were transferred from CB to the subsidiary in November 2005 as an organisational measure where CB moved its foreign stakes to a relevant holding company. In practice, CB is BRE Bank's major shareholder since 1995 when it held 21% of the Bank's shares, gradually growing its stake to 50% in 2000 and to 72.16% in 2003. The stake was reduced modestly as of 2005 following the maturity of stock management option programmes.

The remaining 30.14% of shares are free float, mainly traded by financial investors (ca. ¾ of the free float). Among them, according to a notification submitted to BRE Bank, was BZ WBK AIB Asset Management SA, which held 1,486,325 BRE Bank shares. At 31 December 2007 they represented 5.0111% of the share capital of BRE Bank. The shares were deposited in accounts of its clients and included also shares owned by mutual funds managed by BZ WBK AIB TFI SA. (5.0048% of BRE Bank shares).

The remaining shares are traded by another investors, including private individuals. Their stakes in BRE Bank tend to remain below 5% and they are not required to report their acquisitions.

BRE Bank Stock Performance 2006-2007 relative to WIG, WIG 20 and WIG Banks Indices (2.01.2006 =100)



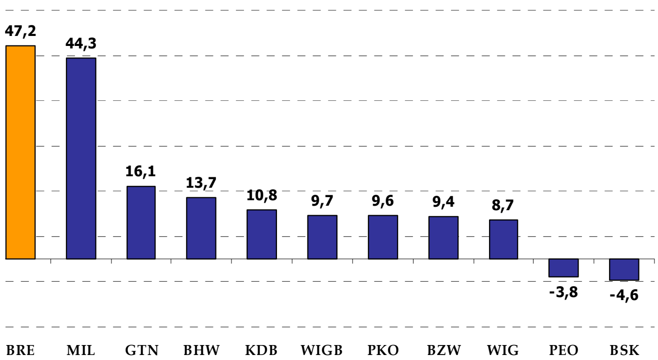
The chart to the left presents the spectacular rise of the BRE Bank stock price over the past two years. It shows that BRE Bank's stock price outperformed the market, particularly in 2007. The BRE Bank stock price rose by a factor of 4 in 2006. In 2007 the price grew 47.2% (compared to the first trading session in 2007), reaching PLN 505 at the closing of the last trading session in 2007. Meanwhile, WIG rose 8.7%, WIG20 3.2% and the sub-index WIG-Banks 10.8%. BRE Bank's stock offered the highest returns of all WSE listed banks.

In 2007, the BRE Bank stock price hit historical highs on several occasions. On 17 October 2007, the BRE Bank stock price reached the historical high level of PLN 600.

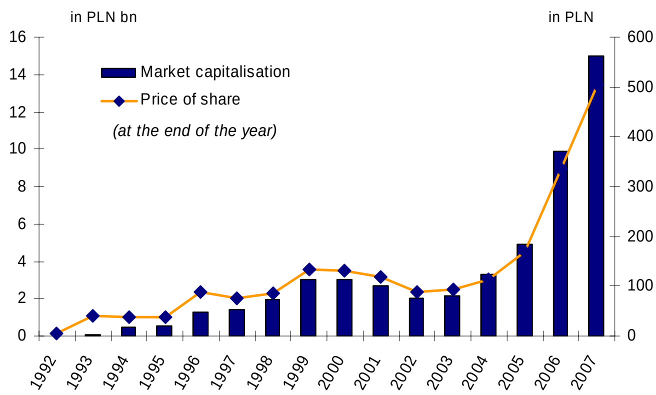
BRE's P/E ratio was 23.44 compared to 30.41 in 2006. Its P/BV ratio was 4.86 at the end of 2007 (compared to 4.21 at the end of 2006). The company's capitalisation was PLN 15.0 billion (EUR 4.2 billion) at the end of 2007 compared to PLN 9.9 billion at the end of 2006.

The BRE Bank stock price outperformed the market on the WSE in 2007 due to the following factors:
- positive analyst recommendations thanks to the Bank's good financial results and new strategic initiatives including transborder expansion;
- investors' interest in the Polish banking sector, largely safe from the subprime crisis;
- transparent, expansive investor relations policy geared at attracting new investors and retaining existing investors.

Yield 2007 in %



BRE Bank Stock Price and Capitalisation, 1992 – 2007



III. Profile and Composition of the BRE Bank

BRE Bank has been present in the market for 21 years. Its founding deed was signed in June 1986 and the Bank (then known as Bank Rozwoju Eksportu SA) launched its business operations on 2 January 1997.

Initially the Bank only serviced companies; corporate banking is its traditional business line. In the early years, the Bank focused on granting fx loans to Polish exporters planning to buy investment goods and technologies.

With time, the product and service offer for companies was gradually expanded to include foreign trade finance, a variety of deposits and loans, derivative instruments, cash management products, etc.

In 1998, the Bank started to service high net worth individuals under the Private Banking (PB) umbrella. Since 2007, the subsidiary BRE Wealth Management provides services dedicated to the most affluent clients.

In 1998-2002, the Bank was involved in large-scale proprietary investments, but began to reduce the portfolio in 2003. Its current Investment Banking business line mainly focuses on trading in the financial markets to service corporate customers and partly also retail customers, to issue debt securities for customers, to finance projects, and to manage the Bank's liquidity and fx position.

The business profile changed dramatically in late 2000 when BRE Bank launched its retail banking line: mBank, Poland's first internet bank targeting retail customers and microenterprises. With time, small outlets (mKiosks) and larger Financial Centres were founded. The retail banking business expanded a year later with the launch of the second project, MultiBank, which also services private individuals but with a higher net worth. MultiBank uses both remote channels and a continuously expanding network of local branches. In 2007, BRE Bank's retail banking moved beyond Poland as it opened first branches in the Czech Republic and Slovakia and an office in London.

Today, BRE Bank is a universal bank. It serves large corporations, small and medium-sized enterprises (SMEs), microenterprises, and private individuals, from the most affluent Private Banking customers to students.

BRE Bank's expansion included the inception and acquisition of subsidiaries which offer financial products and services complementary to the banking offer and fulfil the needs of the Bank's customers. The financial service subsidiaries are assigned to the relevant business lines depending on their business profile and customer segment.

III.1. Changes in the BRE Bank Business Line Structure in 2007

The BRE Bank business line structure was modified in 2007. As of Q1 2007, two existing business lines: Corporate Banking and Investment Banking were merged to form Corporations and Financial Markets.

The new business area was established as a consequence of the Bank's focus on its business with customers. The merger of the two existing lines was also driven by the preferences of corporate clients who increasingly use investment products. Such clients look for more attractive investments than bank deposits and they replace traditional loans with equity and derivative instruments. In their core business, companies also use financial instruments, including hedging against fx and interest rate risk.

The new structure of the business lines was also supported by the need of an advanced management information model to account for all results on relations with clients.

The current structure of the business lines is as follows:

<table>
<tr><th colspan="2">Corporations & Markets</th><th>Retail Banking</th></tr>
<tr><th>Corporates & Institutions</th><th>Trading & Investments</th><th></th></tr>
<tr><td>▪ Corporations (Capital Groups)
▪ SMEs
▪ Large Companies
▪ Project Finance
▪ Financial Institutions</td><td>▪ Risk and Liquidity Management
▪ Financial Markets
▪ Proprietary Investments</td><td>▪ mBank (mass retail customers and microenterprises)
▪ MultiBank (affluent and promising retail customers)
▪ Private Banking (high net work individuals)</td></tr>
</table>

IV. Growth of the BRE Bank's Corporations and Markets Business

IV.1. Corporates and Institutions

The Corporate Banking Line was largely restructured in 2005-2006. As a result of the reorganisation, the sales force was expanded, including the formation of a separate SME sales force, and the back office functions were centralised. The functional and organisational restructuring involved a separation of the front desk staff and the sales force from support staff as functions other than sales were shifted to the support and back office staff.

In 2007, initiatives were continued to increase the share of SME clients in the Bank's customer base and to grow the profit generated on relations with SME customers. In 2007, processes were further improved, in particular operational service processes: a new operational process management model was implemented including the centralisation and outsourcing of printing and mailing of bank statements and improved flexibility of operational functions in branches.

The HYPERNOVA project further optimised and changed the functional and visual profile of the branch network. The new functional model was implemented in the Corporate Branches in Gdynia, Wrocław, Kalisz, Olsztyn, Łódź, Bydgoszcz. According to the plan of the project, the corporate network was expanded with new Corporate Offices. There were 4 operational Corporate Offices by the end of 2007. By the end of the first half of 2008 totally 20 Corporate Offices are to be opened.

In 2007, customer service offered via iBRE, the BRE Bank electronic banking system, was further developed. Among others, trade finance products were added to the functionality of the electronic distribution channels including: import letters of credit, export letters of credit, and collections. The iBRE Connect service was implemented as a unique solution boosting effective management of corporate finance thanks to direct iBRE access from the customers' financial and accounting systems (SAP).

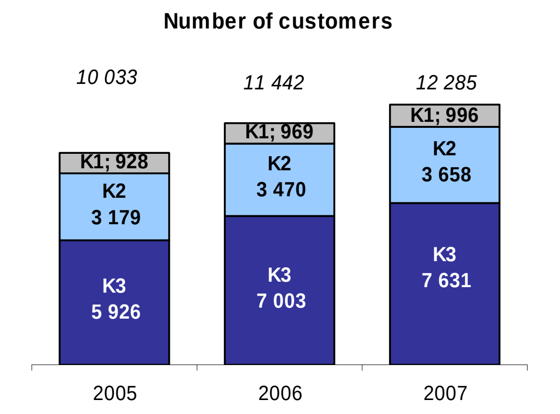
In 2007, the business targets set a year earlier were achieved. The customer base was grown as planned to 12.3 thousand clients (12.6 thousand before one-off customer base verification). The loans portfolio grew by PLN 3.5 billion, 3 times more than expected. The share of the segment K3 in the total profit of the line was 24% compared to a target of 23% (comparable data).

Importantly, newly acquired customers were more profitable to the Bank than customers acquired in 2006. The total profit on customers acquired in 2007 was 7% higher than the 2006 profit on customers acquired in 2006.

IV.1.1. Corporate Customers and Dedicated Offer

Corporate Banking customers were assigned to three segments:

- K1 segment covers capital groups and large enterprises with sales over PLN 1 billion per year; the number of customers in this segment will remain stable. K1 customers require professional advisory focused on structured finance, capital markets, and innovative products. BRE Bank offers advanced financial instruments, technological solutions for cash management instruments tailored to the customers' expectations, and advisory on capital transactions.
- K2 segment covers medium-sized enterprises with sales between PLN 30 million and PLN 1 billion per year; the number of customers in this segment will grow thanks to active acquisition of companies which require a high quality and a broad range of financial products and expect top service standards combined with advisory on financial services. The strategic K2 products include structured foreign trade finance, including both current and long-term financing, mainly using discounting (discounting of trade debt with and without recourse), as well as fx products, derivative instruments, basic and advanced cash management using Electronic Distribution Channels, and investment finance.
- K3 segment covers small and medium-sized enterprises with sales up to PLN 30 million per year which carry full accounting records, in particular foreign trade companies; the share in this market segment will grow significantly. The strategic product offering targeting K3 customers is based on the EFFECT Package line (EFFECT, EFFECT Plus, EFFECT HZ, EFFECT Investments) which provides a comprehensive banking service matched to the company's business profile and growth phase. Risk products are available under a simple and speedy procedure of limits.



BRE Bank acquired 2,495 new corporate customers in 2007, of which 73% were K3 customers and 22% were K2 customers.

The number of corporate customers totalled 12,285 companies at the end of 2007 (up by 843 companies year on year), including an actual growth in the number of net customers by 1,159 customers, as well as the closing of inactive customer accounts (316) in a one-off initiative of customer base verification.

IV.1.2. BRE Bank Corporate Banking Deposits and Loans

The market share of BRE Bank's corporate deposits was 9.3% at the end of December 2007, compared to 8.6% in December 2006. The corporate deposits market grew by 14.3% in 2007, while BRE Bank corporate deposits grew by 24.3%.

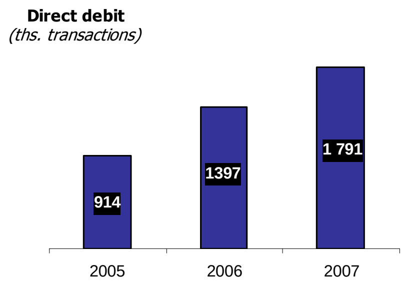
The market share of BRE Bank's loans granted to enterprises was 6.5% at the end of December 2007, compared to 5.9% at the end of 2006. BRE Bank's market share grew as its loans were growing at a higher rate (up by 36.9%) than the banking sector (up by 24.3%).

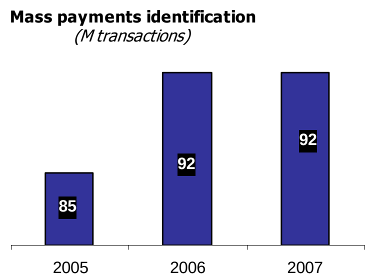
IV.1.3. Development of the Strategic Product Lines

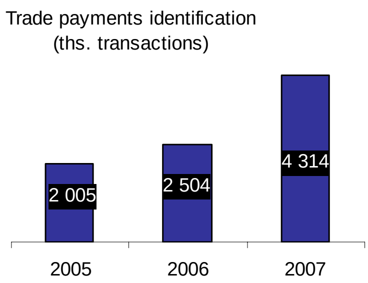
The number of direct debits processed in 2007 was 1,791 thousand, up by 28% year on year.

The number of identifications of mass payments processed in 2007 was around 92 million, stable year on year.

The number of identifications of trade payments was 4,314 thousand in 2007, up by 72% year on year.







The profit realised on sales of financial instruments to corporate clients in 2007 was close to PLN 162 million, up by 21.8% year on year.

The sales of products including EU co-financing in 2007 were up by more than 68.3% year on year and the commission income almost doubled year on year. The Bank was the second largest provided of loans to finance investments involving EU funds in the last application round of the Sectoral Operational Programme: Growing Competitiveness of Companies. BRE Bank's market share was over 15%.

IV.1.4. Project Finance and Syndicated Loans

This business, previously shown under Investment Banking, is a part of Corporates and Institutions as of 2007. Its loans are a part of the corporate loans portfolio.

BRE Bank was an active participant of the Polish syndicated loans market in 2007. The Bank arranged and co-arranged seven syndicated transactions. BRE's total exposure under the transactions was at the equivalent of EUR 288.2 million. In addition, BRE participated in eight syndicated transactions where BRE's total exposure was at the equivalent of EUR 144.8 million.

The Bank granted 7 bilateral loans totalling around EUR 59.7 million. Three of them totalling ca. EUR 19 million went to companies in Russia, Hungary, and Ukraine to construct industrial property with KUKE insurance. One of the syndicated loans where BRE Bank participated was a loan arranged by EBRD for a Ukrainian subsidiary of a Polish producer of floor panels. Major transactions in 2007 included syndicated loans to the LOTOS Group and PKP PLK.

The portfolio of syndicated loans and project finance was at PLN 2.18 billion at the end of 2007, compared to PLN 1.66 in 2006.

IV.1.5. Financial Institutions

According to the new structure of the business lines, Corporate Customers share a business area with Financial Institutions (banks) as of the end of Q1 2007. The number of correspondent banks with which BRE Bank exchanged swift keys was 1,772 at the end of December 2007, compared to 1,868 at the end of 2006.

At the end 2007, the Bank had 40 nostro accounts, one more than at the end of 2006. There were 107 PLN loro accounts (7 were opened and 5 were closed). In addition to PLN accounts, the Bank operates 8 accounts in other currencies for other banks.

On 31 December 2007, the Bank had 21 active loans totalling the equivalent of PLN 7,357 million, of which PLN 7,292 million was drawn. In 2007, one EUR loan at the equivalent of PLN 113 million was repaid and 6 new CHF loans at the equivalent of PLN 3,422 million were taken. The net loans taken were up by PLN 2,717 million year on year.

BRE Bank's exposure under loans to other banks totalled the equivalent of PLN 713.8 million on 31 December 2007. The Bank's portfolio included 123 active short- and long-term loans granted to other banks. 120 new credit agreements totalling the equivalent of PLN 791.4 million were signed in 2007.

IV.2. Trading and Investments

This business area, which generates an important part of the profit before tax (around 14% in 2007), is now a part of the Corporations and Markets line. The area delivered on all targets set for 2007 as demonstrated by the following business achievements:

- Outstanding short-term debt securities issued by clients stable at over PLN 2.5 billion;
- Volume of mid-term debt securities arranged for the Bank's customers record-high at over PLN 2.4 billion (compared to ca. PLN 860 million in 2006) thanks to new debt issues of PKN Orlen, Getin Bank, Echo Investment, HTL Strefa, Polimex Mostostal, BRE Bank Hipoteczny (including first public mortgage bonds), AIG Bank, Lukas Bank, Volkswagen Leasing, PKE, PGF, Gant, EFL, Ciech, Magellan;
- Several issue programmes and issue mandates signed including: HTL Strefa, Gant, Amica Wronki, Bioton, Magellan, LC Corp, BRE Bank Hipoteczny, Ciech, Nordea Bank Polska, PGF, NFI Empik &Media Fashion, Browary Żywiec, BGŻ;
- Significant increase of margins on CIRS, fx options, and sale of non-Treasury debt securities;
- Gradual increase of the volume of structured investment deposits for Private Banking and MultiBank customers;
- Launch of the Bank's new product: "Commodity Options", and new option instruments for structured investment deposits;
- Completed implementation of the Murex fx options portfolio management system;
- Continued development of the K+ financial instruments base to offer more structured products to customers;
- Start of an IT project implementing an on-line fx transaction platform for the Bank's customers;
- Retained first position in the Primary Dealership Ranking by the Ministry of Finance (covering Treasury bonds & bills and interest rate derivatives trading)
- Retained leading market positions in key market segments, including the second position in the NBP ranking of dealers active on the money and fx market (the high position is a mark of top professionalism and a prestigious distinction in the interbank market dealers community);
- Implementation of the concept of BRE Bank as Commerzbank's competence centre for PLN fx and interest rate transactions and macroeconomic research of the Polish market.
- Ongoing project of mortgage loans portfolio securitisation – feasibility study phase;
- Project of perpetual subordinated bonds issue for BRE Bank (investor: Commerzbank) and signed subordinated loan agreement (with Commerzbank).

IV.2.1 Proprietary Investments – New Product: Mezzanine Finance

As at the end of 2007, the portfolio managed by DFI (Department of Financial Investments) was PLN 434 million at cost (up by PLN 156 million year on year). The year-on-year increase in the portfolio value at cost was mainly driven by:

- decreases: sale of securities / liquidation of companies totalling PLN 17.6 million;
- increases: acquisition of bonds / share capital increases / acquisition of securities totalling PLN 173.5 million.

The increase in the portfolio value at cost was mainly driven by mezzanine finance transactions – debt finance with conversion rights. BRE Bank is the first bank in Poland to offer mezzanine finance, an intermediate solution between loans and share issues, as of mid-2007.

The Bank closed the first mezzanine transaction in November 2007. Four projects totalling PLN 186.1 million were closed in 2007, of which PLN 30 million will be released in H1 2008. The Bank provided financing to the companies ABC Data Holding SA (bonds with warrants), Marvipol SA (convertible bonds), Internet Group SA (bonds with warrants), JM Holdings S.a.r.l. (exchangeable bonds) for 1 to 5 years depending on the project.

Portfolio managed by DFI (PLN M)	*31.12.07*	*31.12.06*	*Change*	
			Value (PLN M)	*%*
Value at cost	433.9	278.0	155.9	56.1
Balance sheet value	558.4	263.6	294.8	111.8

The increase in the balance-sheet value of the portfolio was also driven by a change in the valuation of Vectra shares by PLN 139 million against the capital to the sale price from the preliminary agreement. The transaction effectively closed in January 2008.

- 19.95% of shares in the equity of Vectra (11.2% of votes) with a balance-sheet value of PLN 264 million; the Vectra stake was sold in January 2008 at a profit of PLN 137,7 million (including transaction costs);
- 0.76% of shares in the equity of PZU SA with a balance-sheet value of PLN 74 million.

Apart from above mentioned proprietary investment portfolio (with balance sheet value PLN 558.4 million) at the end of 2007 Bank owned shares in 19 subordinated companies worth PLN 730.6 million. 16 of them are consolidated. Their activity and financial data are described in „Management Board Report on the business of the BRE Bank Group in 2007". Additionally Bank is a shareholder in 7 companies from banking "infrastructure" like: Krajowa Izba Rozliczeniowa SA, Biuro Informacji Kredytowej SA, SWIFT. The total value of this involvement was PLN 1.2 million.

V. Retail Banking and Private Banking

This dynamically growing business area outperformed its business targets published a year ago in all respects:

- mBank and MultiBank deposits were PLN 1 billion above the target, loans were PLN 0.9 billion above the target, and the customer base crossed the mark of 2 million clients;
- Private Banking also outperformed its targets: loans by 19%, assets under management by 2.1%, deposits by 1.5%;
- the mortgage loans target for 2007 was exceeded by a high 18% (PLN 9.4 billion of mortgage loans target v. PLN 11.1 billion of actual mortgage loans; BRE Bank was Poland's third largest provider of new mortgage loans with a market share of 9.5%);
- mBank's expansion beyond Poland was a fact in November 2007; the first results of mBank's business in the Czech Republic and Slovakia were most promising and customers' interest keeps growing;
- BRE Bank Retail Banking, especially mBank, focused on expansion to the consumer finance market in 2007: sales of mBank cash loans totalled PLN 318.2 million, up by 127% year on year and well above the targets; the business was supported by the subsidiary emFinanse.

V.1. Retail Banking: mBank and MultiBank

V.1.1. Growth of the Customer Base

Customers

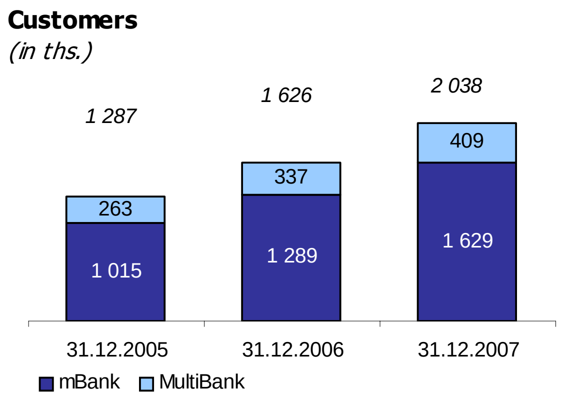
BRE Bank's Retail Banking Line had 2,038.0 thousand customers at the end of December 2007 (including 1,628.6 thousand at mBank and 409.4 thousand at MultiBank). The number of customers grew by 411.9 thousand in 2007 (up by 25.3%; 339.1 thousand at mBank, 72.8 thousand at MultiBank).

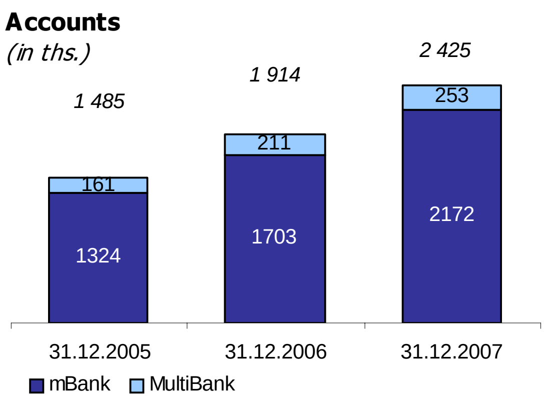
The Bank had 235.6 thousand microenterprise customers (173.3 thousand at mBank, 62.3 thousand at MultiBank). The number of new microenterprise customers acquired in 2007 was 50.0 thousand (up by 26.9%; 38.5 thousand at mBank, 11.5 thousand at MultiBank).

Accounts

The Retail Banking Line had 2,424.9 thousand accounts on 31 December 2007 (2,172.0 thousand at mBank, 252.9 thousand at MultiBank). The number of accounts grew by 510.9 thousand in 2007 (up by 26.7%; 468.9 thousand at mBank, 42.0 thousand at MultiBank).

There were 283.2 thousand microenterprise accounts (221.1 thousand at mBank, 62.1 thousand at MultiBank), up by 61.1 thousand in 2007 (up by 27.5%; 49.9 thousand at mBank, 11.2 thousand at MultiBank).





V.1.2. Growth in Customers' Assets

Deposits

The retail deposits were PLN 10.363.2 million at the end of 2007 (PLN 7,630.1 million at mBank, PLN 2,733.1 million at MultiBank).

The balance-sheet deposits grew by PLN 3,295 million in 2007 (up by 46.6%; PLN 2,316 million at mBank, PLN 979 million at MultiBank).

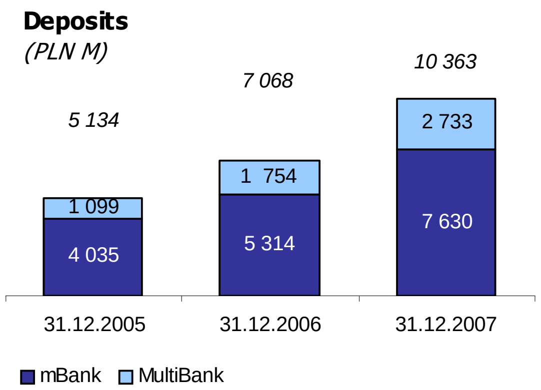
At the end of 2007, the market share of the BRE Bank Retail Banking Line deposits was 3.9%.

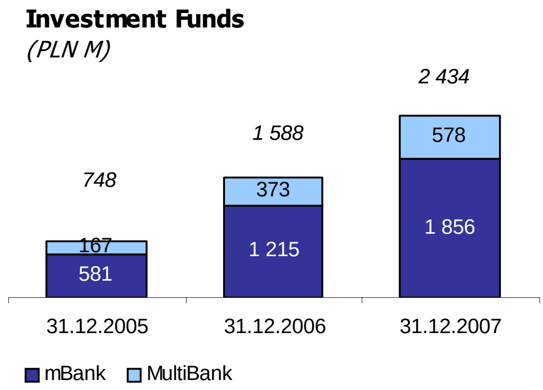
Investment Funds

Investment fund assets of BRE Bank retail customers were PLN 2,434.4 million at the end of December 2007 (PLN 1,856.1 million at mBank, PLN 578.3 million at MultiBank).

Investment fund assets grew by PLN 846.6 million in 2007 (up by 53.3%; PLN 640.9 million at mBank, PLN 205.7 million at MultiBank).

The market share of the BRE Bank Retail Banking Line's investment funds was 1.8% at the end of December 2007.





V.1.3. Mortgage Loans: The Driver of Growth of the Loans Portfolio

Loans

Balance-sheet loans were PLN 13,137.3 million at the end of December 2007 (PLN 5,398.8 million at mBank, PLN 7,738.5 million at MultiBank). Loans were up by PLN 4,904.8 million in 2007 (up by 59.6%; PLN 2,353.8 million at mBank, PLN 2,551.0 million at MultiBank).

The BRE Bank Retail Banking Line's market share in retail loans was 5.2% at the end of December 2007.

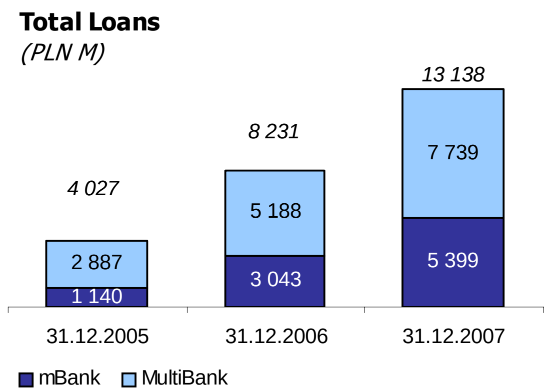
All microenterprise loans were PLN 1,147.6 million at the end of December 2007 (PLN 143.5 million at mBank, PLN 1,004.1 million at MultiBank), of which 36.7% were mortgage loans (17.7% at mBank, 39.5% at MultiBank).

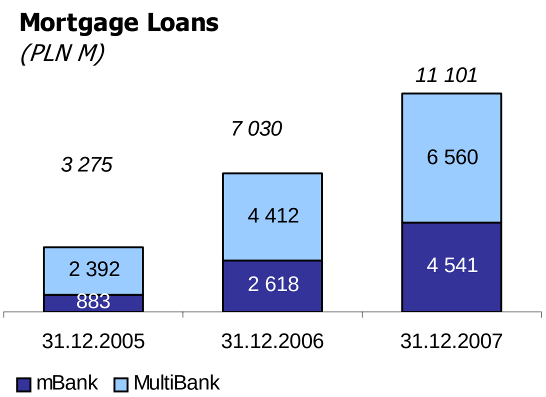
Structure of the Credit Portfolio:

- mBank: 84.1% mortgage loans, 5.1% credit lines, 4.3% credit cards, 6.5% other;

- MultiBank: 84.8% mortgage loans, 5.8% credit lines, 1.5% credit cards, 7.9% other.

The BRE Bank Retail Banking balance-sheet mortgage loans were PLN 11,101.1 million at the end of December (PLN 4,540.8 million at mBank, PLN 6,560.3 million at MultiBank), including mortgage loans to retail customers at PLN 10,679.4 million (PLN 4,515.3 million at mBank, PLN 6,164.1 million at MultiBank). The balance-sheet mortgage loans were up by PLN 4,063.9 million in 2007 (up by 57.7%; PLN 1,915.3 million at mBank, PLN 2,148.6 million at MultiBank).





Cards

The number of credit cards issued by the end of December 2007 was 250.7 thousand (162.1 thousand at mBank, 88.6 thousand at MultiBank). The number of credit cards grew by 99.0 thousand in 2007 (up by 65.3%; 70.8 thousand at mBank, 28.2 thousand at MultiBank).

The number of debit cards issued by the end of December 2007 was 1,454.7 thousand (1,110.0 thousand at mBank, 344.7 thousand at MultiBank). The number of debit cards grew by 408.5 thousand in 2007 (up by 39.0%; 327.7 thousand at mBank, 80.8 thousand at MultiBank).

V.1.4. Expansion of the Distribution Network

mBank

mBank's network had 103 locations (61 mKiosks, 15 Financial Centres, 27 Partner mKiosks) at 31 December 2007. 11 mKiosks and 27 Partner mKiosks opened in 2007.

MultiBank

MultiBank had 109 outlets (65 Financial Services Centres, 44 Partner Outlets including 25 Branches of the Future, both Financial Services Centres and Partner Outlets) at the end of 2007. 26 Branches of the Future (19 Financial Services Centres and 8 Partner Outlets) opened in 2007.

V.1.5. mBank's Transborder Expansion

Czech Republic and Slovakia

At the end of November 2007, mBank started business operations in Czech Republic and Slovakia. On its launch in both countries, mBank offers eKONTO current accounts, eMAX savings accounts, and debit cards for both types of accounts. mBank accounts can be opened by anyone who is over 18 without a required first payment. In addition to its deposit products, mBank offers loans including mortgage and cash loans.

In 2008, mBank plans to implement credit cards for retail customers and banking products for microenterprises, the Investment Funds Supermarket, e-commerce with mTRANSFERs, and insurance products.

At the end of December 2007, mBank had 17.5 thousand customers in the Czech Republic. There were 24.4 thousand accounts (including 16 thousand eKONTO accounts and 8.4 thousand eMAX accounts). Funds in the accounts totalled EUR 4.3 million. The sales network had 4 locations (1 mKiosk and 3 Financial Centres).

At the end of December 2007, mBank had 8.2 thousand customers in Slovakia. There were 12 thousand accounts (including 6.9 thousand eKONTO accounts and 5.1 thousand eMAX accounts). Funds in the accounts totalled EUR 4.1 million. The sales network had 9 locations (7 mKiosks and 2 Financial Centres).

UK: London

mBank opened a Financial Centre in London in December. The location serves Polish nationals planning to buy real property in Poland. The full range of retail banking services will be available in the UK in H1 2008 under the single European passport rule.

There are over 30 thousand mBank customers in the UK. Most of them have close contacts with the home country and are planning to return. They use mBank's deposit, lending and investment products in Poland. They need a bank in the UK to offer them integrated financial service in Poland and abroad.

V.1.6. Insurance Operations

The BRE Bank Group entered the insurance market in 2007. Its insurance operations are run by the subsidiaries BRE Ubezpieczenia TU SA and BRE Ubezpieczenia Sp. z o.o. The Car Insurance Supermarket (SUS) was launched in collaboration with mBank on 13 February 2007. The Supermarket enables bank customers to purchase car insurance policies offered by more than one insurance provider. A platform for the sale of car insurance to MultiBank customers through the Insurance Centre was opened in Q2 2007.

BRE Ubezpieczenia together with Private Banking and BRE Wealth Management launched a programme of investment policies *(unit linked*) and life policies, and together with BRE Bank Retail Banking an integrated package of insurance for mortgage loans, cash loans, and credit cards (bancassurance products). The latest BRE Ubezpieczenia products offered by mBank and MultiBank include packages of travel insurance and home insurance sold via the Car Insurance Supermarket and the Insurance Centre platform.

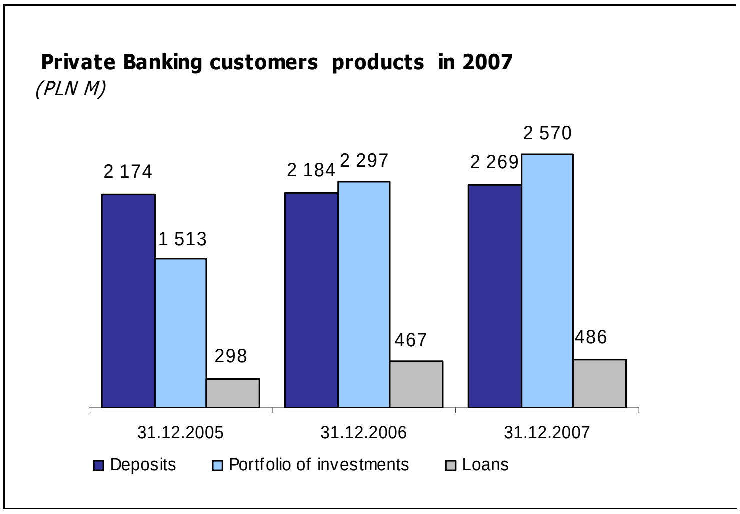
By the end of November 2007, BRE Ubezpieczenia sold 490 thousand insurance policies, mainly including bancassurance policies. The premiums totalled PLN 313 million.

In the reorganisation of the BRE Ubezpieczenia project, the service company BRE Ubezpieczenia Sp. z o.o. was sold by the Bank to BRE Ubezpieczenia TU SA for PLN 4 million (equivalent to the Bank's investment) in September 2007.

V.2. Private Banking

Customers

The Bank had 7 713 Private Banking customers at the end of 2007, up by 1,045 customers year on year; accounts of 1,131 customers were closed in the restructuring of the customer base in 2007. As a result, the number of customers went down by 86 (down 1.1%). The restructuring process improved the quality of the customer base.



Loans

The Private Banking customers' debt was PLN 486.2 million at the end of December 2007, up by 22% year on year despite the repayment of a large exposure in February (ca. 20% of the PB loans portfolio) and a significant reduction in the use of granted brokerage limits in H2 2007. This was due to active sales of credit products including both the granting of new loans and the extension of existing loans.

Assets under Management

Customers' assets under management invested via BRE PB, including deposits, asset management products and financial market products, totalled PLN 4,839.8 million at the end of December 2007, up by PLN 342.7 million (up by 7.6%) year to date.

a) Banking Products

Assets in current accounts and deposits were PLN 2,269.5 million at the end of December 2007, up by PLN 100.1 million (up by 4.6%) year on year. In line with the adopted business targets for 2007, the volume of deposits plus the average interest charged from customers remained stable.

b) Asset Management and Wealth Management Products

Customers' investment in Asset Management Products totalled PLN 2,079.2 million at the end of December 2007, up by PLN 272.7 million (up by 15.1%) year on year. The WIG index gained 10.4% in 2007, which implies that the assets grew above the performance of the portfolio. The assets grew thanks to a bull stock market in H1 2007 (assets up by PLN 696.9 million in H1 2007).

c) Financial Market Products

Assets totalled PLN 491.1 million at the end of December 2007, down by PLN 30.0 million (down by 5.75%) year to date, mainly due to the strengthening of the zloty against other currencies. Fx bonds were 85.1% of PB customers' debt securities by value at the end of 2006, down to 71.0% at the end of 2007. In addition, a large customer with a PLN securities portfolio was acquired in late 2007.

A new Private Banking product was first offered in June by BRE Wealth Management as a tax optimisation service: the conversion of traditional asset management portfolios into an equity and insurance fund. As a result, customers' capital gains tax payment is postponed until the end of the lifetime of investment. The product was launched in collaboration with the insurance company Benefia. PLN 175.7 million was raised with the product by the end of the year.

VI. Financial Results of BRE Bank in 2007

VI.1. Changes in the Balance Sheet in 2007

BRE Bank's balance sheet total was PLN 48.4 billion at 31 December 2007, up by 31.3% year on year.

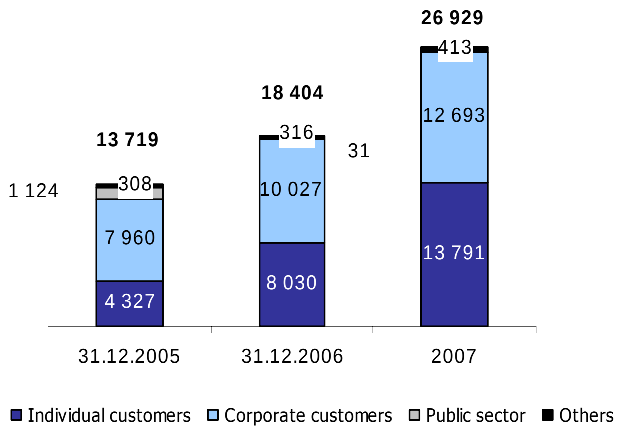
VI.1.1. Main Changes in the Assets of BRE Bank

ASSETS	2007 PLN thou.	2007 %	2006 PLN thou.	2006 %	Change %
Cash and transactions with the central bank	1 998 380	4.1%	3 710 737	10.1%	-46.1%
Bills eligible for rediscounting at the central bank	23 259	0.0%	26 725	0.1%	-13.0%
Amounts due from banks	2 166 310	4.5%	3 003 226	8.1%	-27.9%
Trading securities	3 721 311	7.7%	3 519 954	9.5%	5.7%
Derivative financial instruments	2 263 845	4.7%	1 411 030	3.8%	60.4%
Loans and advances to customers	26 378 887	54.5%	17 689 756	48.0%	49.1%
Investment securities	6 226 318	12.9%	2 957 221	8.0%	110.5%
- Available for sale	6 226 318	12.9%	2 957 221	8.0%	110.5%
Fixed assets for sale	335 819	0.7%	361 855	1.0%	-7.2%
Assets under pledge	3 707 359	7.7%	2 701 491	7.3%	37.2%
Investment in subsidiaries	449 098	0.9%	433 343	1.2%	3.6%
Intangible fixed assets	379 504	0.8%	356 136	1.0%	6.6%
Fixed assets	532 175	1.1%	470 926	1.3%	13.0%
Deferred income tax assets	2 824	0.0%	9 720	0.0%	-70.9%
Other assets	224 721	0.5%	210 110	0.6%	7.0%
Total assets	**48 409 810**	**100.0%**	**36 862 230**	**100.0%**	**31.3%**

The main driver of the growth in assets by PLN 11.5 billion was the growth in loans and advances to customers: they grew by PLN 8.7 billion or 49.1% year on year and their share in assets rose from 48.0% to 54.5%.

High growth was reported for both retail loans and corporate loans thanks to the continued upturn in the corporate loans market. The retail loans portfolio grew by 71.8% year on year while the corporate loans portfolio grew by 26.6%.

Loans and advances to customers (gross)
PLN M



Due to their high growth rate, retail loans (including loans to microenterprises) were greater than corporate loans for the first time in the history of the Bank. The share of retail loans was 51.2% of the gross loans portfolio, translating into PLN 13.8 billion. The largest share was that of mortgage and housing loans at PLN 10.2 billion, up by PLN 3.4 billion (51%). Short-term debt (debt under cards) was growing at the highest rate: the volume tripled and reached PLN 2.3 billion at the end of 2007.

At the end of 2007, the largest item of all loans and advances to corporate customers were loans to SMEs. (PLN 6.0 billion). Loans granted to large customers were PLN 3.3 billion.

Amounts due from banks were down by 27.9% year on year. Short-term assets (cash with the central bank, amounts due from banks, securities) remained stable year on year, ensuring safety of business. The structure of short-term assets changed: the share of interbank deposits dropped to the advantage of securities. The change was as a result of management of the balance sheet structure in terms of capital adequacy and profitability of business. Trading securities were stable year on year in 2007. The portfolio of investment securities grew by over 110% in 2007.

Assets under pledge were up by over PLN 1 billion due to a growing portfolio of sell-buy-back securities.

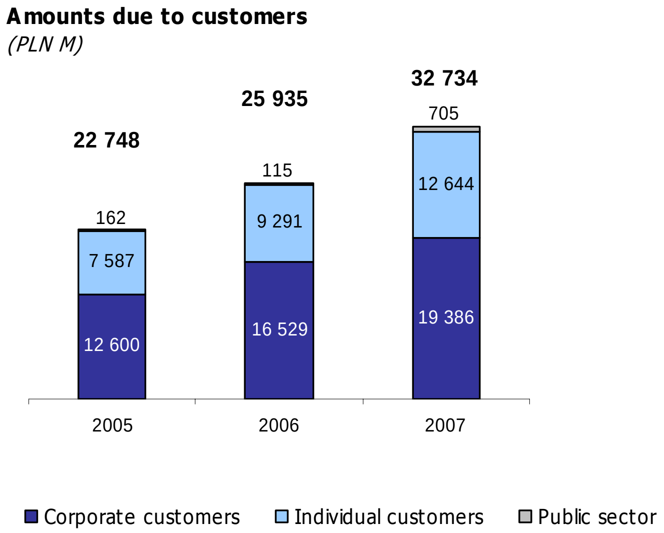
VI.1.2. Liabilities

Changes in BRE Bank's liabilities in 2007 are shown in the table below.

	2007		2006		Change
LIABILITIES	PLN thou.	%	PLN thou.	%	%
Liabilities to other banks	7 972 900	16.5%	5 186 286	14.1%	53.7%
Derivative financial instruments and other trading liabilities	2 181 420	4.5%	1 267 825	3.4%	72.1%
Liabilities to customers	32 734 316	67.6%	25 934 634	70.4%	26.2%
Liabilities under issued debt securities	36 810	0.1%	36 215	0.1%	1.6%
Subordinated liabilities	1 661 785	3.4%	1 547 354	4.2%	7.4%
Other liabilities	552 894	1.1%	457 926	1.2%	20.7%
Current income tax liability	120 659	0.2%	11 543	0.0%	945.3%
Deferred income tax liability	62	0.0%	-	0.0%	
Provisions	68 831	0.1%	67 374	0.2%	2.2%
Total liabilities	**45 329 677**	93.6%	**34 509 157**	93.6%	31.4%
Total equity	**3 080 133**	6.4%	**2 353 073**	6.4%	30.9%
Total liabilities and equity	**48 409 810**	**100.0%**	**36 862 230**	**100.0%**	**31.3%**

From all sources of funding, liabilities to customers grew the most by value in 2007: they were up by PLN 6.8 billion or 26.2% year on year.

Corporate customers' deposits at PLN 19.4 billion were the largest item of the deposit base (59.2%) but their share decreased to the advantage of retail customers' deposits.



At the end of 2007, 38.6% of BRE Bank's liabilities to customers were retail customers' deposits at PLN 12.6 billion. They were up by 36.1% year on year. The largest item was current accounts at PLN 9.4 billion; term deposits were PLN 3.2 billion.

Corporate customers' deposits at PLN 19.4 billion (up by 17.3% year on year) mainly included: current accounts (PLN 9.5 billion), term deposits (PLN 5.3 billion), repo transactions (PLN 3.3 billion), and cash security (PLN 1.1 billion).

Public sector deposits also grew, but their share as a source of funding in BRE Bank's business was insignificant.

Credit lines, issues of bonds, and subordinated debt were supplementary sources used to finance the growth in assets in 2007. Liabilities to other banks grew by 53.7% year on year in 2007, mainly thanks to obtained credit lines in the Swiss franc used to finance the growing portfolio of housing loans granted mainly in the Swiss franc. Long-term and short-term credit lines obtained in 2007 grew by ca. PLN 3.9 billion.

The share of equity in sources of funding was stable at 6.4% of the balance sheet total in 2007.

VI.1.3. Changes in the Equity of the Bank

The equity of the Bank grew by 30.9% in 2007. Changes in equity are shown in the table below and presented in more detail under in the "BRE Bank Financial Statements for 2007 under the International Financial Reporting Standards".

EQUITY	2007	2006	Change	Change
	PLN thou.	*PLN thou.*	%	*PLN thou.*
First-tier equity:	**1 517 432**	**1 496 946**	**1.4%**	**20 486**
- Registered share capital	118 643	118 064	0.5%	579
- Supplementary capital	1 398 789	1 378 882	1.4%	19 907
Revaluation reserve	**79 231**	**3 959**	**1901.3%**	**75 272**
Retained profits:	**1 483 470**	**852 168**	**74.1%**	**631 302**
- Profits of previous years	846 239	527 974	60.3%	318 265
- This year's profit	637 231	324 194	96.6%	313 037
Total equity	**3 080 133**	**2 353 073**	**30.9%**	**727 060**

The growth in equity in 2007 was mainly driven by the retention of the entire net profit generated in 2006 and net profit generated in 2007 as well as growth in the revaluation reserve. The latter item grew mainly thanks to the valuation of a stake in Vectra in view of its planned sale. The sale was closed after the end of the year, at the end of January 2008.

The change in the registered share capital by PLN 579 thousand in 2007 was a result of the implementation of a stock options programme. The Second Management Stock Options Programme opened in May 2003 provided for the allocation of 500,000 options to Bank Managers, exercisable gradually between 1 June 2005 and 30 June 2008. The options give the right to acquire 500,000 newly issued shares of the Bank. 470,536 shares were acquired under the Programme by the end of December 2007, including 144,633 shares in 2007 alone. Another 29,464 shares can be acquired under the Programme in H1 2008.

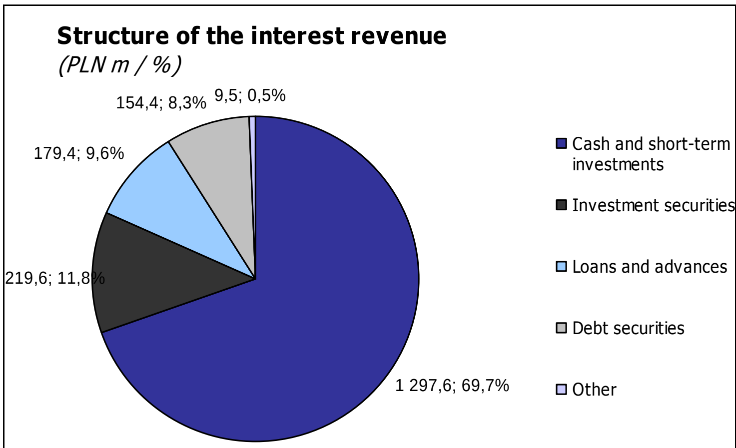
There were 29,660,668 ordinary shares at 31 December 2007.

VI.2. Profit and Loss Account of BRE Bank

BRE Bank generated a profit before tax of PLN 788.4 million in 2007, compared to PLN 406.4 million of profit before tax in 2006, up by PLN 382.1 million (94%) year on year. The Profit and Loss Account is shown in the table below.

Profit and Loss Account	2007	2006	Change
	PLN thou.	PLN thou.	%
Interest income	1 860 514	1 334 383	39.4%
Interest cost	(1 073 212)	(795 011)	35.0%
Net interest income	**787 302**	**539 372**	**46.0%**
Commission income	566 875	415 391	36.5%
Commission cost	(182 770)	(135 774)	34.6%
Net commission income	**384 105**	**279 617**	**37.4%**
Dividend income	37 726	36 797	2.5%
Trading income, including:	472 361	379 957	24.3%
FX income	*427 530*	*343 265*	24.5%
Other trading income	*44 831*	*36 692*	22.2%
Income from investment securities	132 038	40 115	229.1%
Other operating income	59 266	63 244	-6.3%
Net credit impairment provisions	(58 222)	(26 149)	122.7%
Overhead costs	(867 905)	(697 527)	24.4%
Amortisation and depreciation	(138 952)	(135 779)	2.3%
Other operating costs	(19 291)	(73 276)	-73.7%
Operating profit	**788 428**	**406 371**	94.0%
Profit (loss) before tax	**788 428**	**406 371**	**94.0%**
Income tax	(151 197)	(82 177)	84.0%
Net profit (loss)	**637 231**	**324 194**	**96.6%**

The net interest income grew the fastest, by a high 46% or PLN 247.9 million year on year. BRE Bank's interest margin (net interest income to average interest-earning assets) was 2.2% in 2007, compared to 2.0% in 2006. The net interest income in 2007 was helped by changes in the balance sheet structure. A more effective balance sheet structure was possible through a higher contribution of Retail Banking to the Bank's assets and liabilities, a growing portfolio of corporate loans, and a better match of the maturity structure of the balance sheet combined with an increase in equity. The growing income from lending and a positive change in the structure of financing enabled a significant growth in the net interest income and growing profitability as measured by the interest margin.

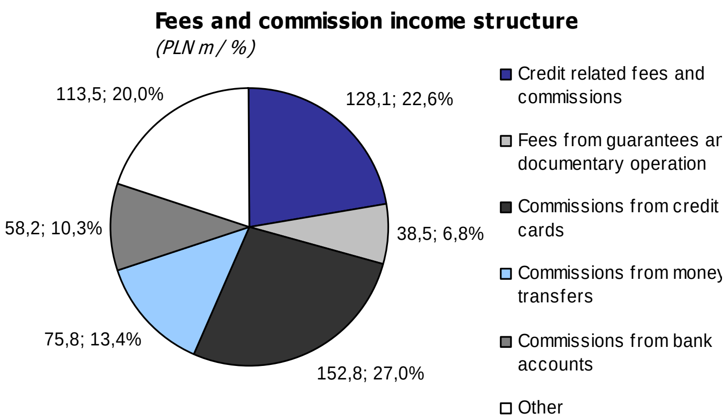


This chart presents the structure of the net interest income by product category.

The vast majority (69.7%) of the net interest income was generated by credits and loans. The net interest income on these products was almost PLN 1.3 billion in 2007, up by over PLN 0.4 billion or 46.2% year on year.

Investment securities contributed PLN 95 million (111.7%) more than in 2006 while trading debt securities contributed PLN 20 million more. The net interest income on interbank deposits remained stable year on year.

The net commission income grew by 36.4% year on year in 2007 and was PLN 566.9 million, compared to PLN 415.4 million in 2006.



The main driver of the net commission income was the payment cards service. Thanks to the growing number of issued cards and volume of card transactions, the income was up by PLN 48.5 million (46.5%) year on year.

Credit fees and commissions, the second largest item of the net commission income, grew at an even higher rate (up by 48.2% or PLN 41.7 million) thanks to the significant growth in the number and value of granted credits and bankassurance agreements.

All other categories of fees and commissions also grew sharply year on year.

Trading income at PLN 472.4 million in 2007 grew by 24.3% year on year. This was mainly driven by the fx income at PLN 427.5 million (spot and forward currency exchange transactions, options, futures contracts, conversion of assets and liabilities denominated in foreign currencies). The other income component was the result of transactions in interest rate, equity, and market risk instruments at PLN 44.8 million.

Credit and loans impairment provisions were PLN 58.2 million in 2007, up by a high 122.7% year on year, equivalent to a low nominal growth (by PLN 32.1 million) compared to the growth of the loans portfolio (up by ca. PLN 8.7 billion). This was a result of the steady improvement in the quality of the portfolio as well as the repayment of irregular loans at the Bank, especially in H1 2007, and the Bank's efforts aimed at restructuring, sale and write-off to provisions of a part of the default portfolio exposures.

Overhead costs were PLN 867.9 million, up by 24.4% or PLN 170.4 million year on year in 2007. The highest growth occurred in payroll costs, up by PLN 103 million (29.4%) year on year, mainly due to business expansion necessitating adequate headcount growth as well as creating bonus provisions.

Maintenance costs were PLN 400.3 million, up by 19.7% or PLN 65.8 million year on year. The growth was mainly a result of the expanding branch network and the expansion of business operations including mBank's transborder expansion.

It must be stressed that the growth in overhead costs of the Bank much lower than the growth in income allowed to increase of efficiency and to set up bonus provisions at a level higher than in 2006 (PLN 142,6 million in 2007 r. compared with PLN 91,0 miillion in 2006).

VI.3. Performance Indicators

BRE Bank's key performance indicators at the end of 2007 and at the end of 2006 were as follows:

	Actual 2007	*Actual 2006*
ROA before tax	1.8%	1.2 %
ROE before tax	32.8%	20.4%
ROE net	26.5%	16.3%
CIR	55.5%	65.3%
Capital Adequacy Ratio	10.69%	11.07%

average

ROA= Net profit /Balance sheet total

ROE before tax = Profit before tax / Equity, excluding this year's profit

ROE net = Net profit / Equity excluding this year's profit)

CIR = Overhead costs + amortisation and depreciation / Income (including net other income and cost)

VII. BRE Bank's HR

VII.1. Headcount

The headcount of BRE Bank was 4,795 persons at the end of 2007, up by 794 persons year on year. The chart presents the change in the Bank's headcount since 2001 when the Bank launched its retail banking business.

According to the chart, headcount only grew in the dynamically developing retail banking business. In 2007, the retail banking headcount exceeded the headcount of the Bank's traditional corporate and investment banking business (including support).

Headcount expressed in FTEs was much lower, at 3,869 FTEs at the end of 2007, including 1,883 FTEs in retail banking. The difference largely derives from the fact that many employees of MultiBank partner outlets are hired as 1/10 of FTE.

The Bank's employees are well educated: over 70% have university education; they are relatively young: over 70% are under 35 years old.

Employee turnover (hired employees less reduced employees to average headcount) was 18.3% in 2007, higher than in 2006 (11.2%).

VII.2. BRE Bank's Incentive System

The remuneration policy is a crucial element of the company's human resources strategy. It plays a key role in the development of corporate culture. It is used to build the competitive position in the market by recruiting and retaining competent employees. BRE Bank's remuneration policy sets a relatively high share of the bonus in the total remuneration. The close link between the total remuneration and the Bank's financial performance and quality standards strengthens employee motivation and commitment and the Bank's competitiveness by ensuring a high level of remuneration while keeping fixed personnel costs under control.

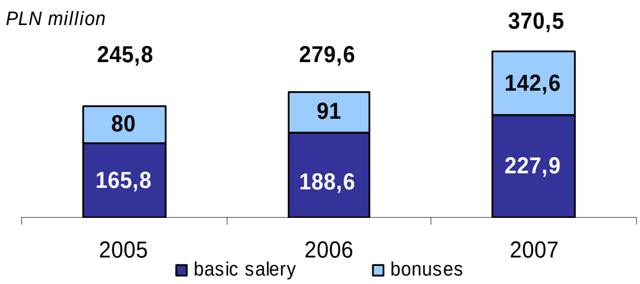
Main principles of BRE Bank's remuneration policy:

- employee remuneration includes a basic salary and a variable part (bonus);
- the variable remuneration depends on the performance of the unit, team, and company: it is an award for the delivery of the targets set in the annual planning process;
- the top performers, who report the best performance and get top scores in line with BRE Bank standards, will be paid at the top market level.

In addition, incentives include a stock options programme for the Bank's key management.

BRE Bank's bonus system awards performance at and above quantitative standards taking into account an evaluation of the style of performance measured against the code of corporate values (DROGA) as an important condition of bonus payment.

Structure of remuneration costs in BRE Bank



The chart presents payroll costs in 2005-2007 broken down into basic remuneration (under employment contracts) and bonus. In view of the Bank's excellent performance in 2007, the share of the incentive bonus grew from ca. 32-33% to 38.5% of total payroll costs.

VIII. Investments

In 2007, BRE Bank's investments totalled PLN 197.8 million, including PLN 106.8 million in fixed assets and PLN 91.0 million in intangible fixed assets.

In the framework of the Hypernova project in 2007, the corporate banking branches were modernised including:

- Adaptation of space of the new locations of the Corporate Branches in Łódź and Wrocław;

- Modernisation of space of the existing locations of the Corporate Branches in Bydgoszcz and Kalisz.

The corporate branch network expansion project included the adaptation of the space of Business Offices. In addition, Private Banking locations were modernised according to a uniform standard and the new functional model in Łódź, Wrocław, Bydgoszcz, Kalisz, Szczecin, Poznań, and Bielsko-Biała.

Retail Banking continued its network expansion. In addition, space at the Łódź Business Centre was adapted for mBank and MultiBank.

The majority of investments on intangible assets, ca. PLN 70 million, was in the IT area. The Bank continued IT the modernisation and development of basic elements of the IT infrastructure. The work covered IT systems in all of the main business areas, including the development of new functionalities and the improvement of availability as well as business continuity of the existing IT solutions. The main projects in Corporates and Markets area included:

- Two further stages of the development of the GLOBUS system and its satellite applications including the implementation of functionalities enabling the centralisation of bank statements and their outsourcing to CERI, availability of trade finance products in the electronic distribution channels (iBRE), automation of many back-office processes including IRS and futures settlements and SWIFT message reconciliation in the loro account service. Several functional product modifications were implemented including: Interest Position Balancing, Shared Balance, Umbrella Facility and Term Deposits.

- Development of the Kondor+ system including the implementation of many new financial instruments (e.g., constant maturity swap, credit-linked note) and the improvement of credit limit controlling mechanisms. Kondor+ and GLOBUS interfaces were extended, enabling the automation of settlements of commodity swaps, interbank deposits, futures transactions and contract futures made in Kondor+.
- Implementation of the MUREX system supporting options: the investment in MUREX totalled PLN 4.1 million.
- Development of the Credit System mainly including the implementation of an appeal process, calculation of customer limits, registration of the valuation and monitoring of accepted security.

Development in Retail Banking focused on the expansion of the functionality of mBank and MultiBank systems and their modification enabling the Bank's transborder expansion. As a result, an IT solution was developed enabling the opening of mBank branches in the Czech Republic and Slovakia in November 2007. The implemented work creates the foundation for the Bank's expansion to other countries.

Investments in analytical and reporting systems including mainly:

- Implementation of software for new mandatory financial reporting FINREP/COREP.
- Implementation of software dedicated to the calculation of capital requirements under the New Capital Accord (Basel 2).
- Implementation of the next stage of the Bank's Data Warehouse project: implementation of further business areas in the layer of the Central Repository of Retail Data. Expansion of the functionality of the previously implemented DSA layer of the Bank's Data Warehouse by modifications arising from the development of the source systems including Globus, Kondor+, and Credit System.

IX. Main Risks of the BRE Bank Business

BRE Bank attaches major importance to the mitigation and monitoring of the risks in its business. This is dealt with on a current basis by the respective organisational units of the Bank, including the Financial Risk Department, the Corporate Loans Department, the Retail Loans Department, the Credit Administration Department, the Treasury Department (monitoring liquidity), the Financial Transactions Controlling Bureau. For the same purpose, respective committees have been established, including representatives of the Management Board and top management staff. At the end of 2007, the particular risk areas were dealt with by the following Credit Committees: Credit Committee of the Management Board, Credit Committee of Retail Banking and Private Banking, the Assets and Liabilities Management Committee of the BRE Bank Group, as well as the BRE Bank Risk Committee. There is also a Risk Committee at the Supervisory Board level.

BRE Bank monitors credit risk, operational risk, market risk, liquidity risk, and interest rate risk of the banking book in the BRE Bank Group using risk measures applied by BRE Bank and taking account of differences in the profile and scale of business of the Group companies.

Detailed descriptions of the risks in the business of the BRE Bank Group as well as their measurement are contained in the point 3. " Financial Statements for 2007 under the International Financial Reporting Standards".

IX.1. Harmonisation with Basel 2 Requirements

In 2007, BRE Bank completed intense preparations and implemented the amended capital adequacy regulations which transposed the provisions of Directive 2006/48/CE and Directive 2006/49/CE (known as "Basel 2") to Polish legislation. In practice, this required the implementation of the provisions of 8 new Resolutions of the Banking Supervision Commission (KNB): Resolution No. 1/2007 (concerning capital requirements), Resolution No. 2/2007 (concerning own funds), Resolution No. 3/2007 (concerning large exposures), Resolution No. 4/2007 (concerning Pillar 2), Resolution No. 5/2007 (concerning concentration of exposures), Resolution No. 6/2007 (concerning Pillar 3), Resolution No. 10/2007 (concerning rating), and Resolution No. 20/2007 (concerning reporting to the National Bank of Poland).

The amended regulations modified the calculation of capital requirements for credit risk (effective as of 1 January 2008) and market risk, and introduced the obligation of including operational risk in the calculation of capital adequacy as of the beginning of 2008. However, in addition to the calculation of capital requirements, Basel 2 regulations mainly concern adequate management of all risks arising in the Bank's business and the management and maintenance of an adequate capital level.

Addressing the Basel 2 regulations required the implementation of IT applications for the calculation of capital requirements, the completion of data in the source systems, the development of required methodologies and procedures, and the amendment or development of policies and strategies of risk and capital management. The Bank generated synergies by using the Basel 2 requirements as an occasion of developing management principles based on the concept of economic capital aimed at maximising shareholder value.

In 2007, the Bank undertook a systematic analysis of the impact of the implementation of the new regulations on the level of the required capital, and took advance measures aimed at maintaining the capital adequacy ratio at a target level of 10%. The expected increase in capital requirements was mainly caused by the inclusion of the capital requirement for operational risk as of January 2008.

The preparatory work was carried out both at BRE Bank and several subsidiaries of the Group subject to BRE Bank's consolidated supervision. In 2007, all companies of the Group commenced regular reporting to BRE Bank with their capital requirements calculated under the new regulations. In addition, the Group companies provide relevant information necessary to rate and monitor the risks of their business.

As a result of the project work, BRE Bank implemented the Basel 2 regulations in all three pillars. As of January 2008, BRE Bank calculates capital requirements under the amended regulations in an automated procedure, performs and internal capital adequacy assessment process (ICAAP), and prepares information necessary to publish the disclosures required under Resolution No. 6/2007 of the Banking Supervision Commission.

IX.2. Credit Risk

One of the methods of credit risk mitigation consists of a system of credit related decision-making by the competent decision-making bodies. The criterion qualifying any given case to be considered by the appropriate decision-making body is the amount of exposure and the level of risk assigned to the customer and to the realised transaction. In addition, BRE Bank reduces credit risk through diversification of the loans portfolio. This is supported, among others, by the analysis of the structure of the Bank's portfolio and the resulting conclusions, guidelines and recommendations concerning the Bank's exposure to selected sectors and markets.

The Bank applies credit portfolio risk measurement methods based on the estimation of Expected Loss and Credit Value at Risk based on the extended CreditRisk+ model incorporating among others correlations among sectors of the economy and residual risk. Daily monitoring of credit risk involves the verification of internal ratings and events of default as defined under Basel 2 and the IFRS.

In managing credit risk of its retail business, the Bank focuses on the centralisation and automation of credit processes and intensive use of all available information on its clients. The Bank's policy in this customer segment is based on statistical rating methodologies developed in co-operation with Commerzbank and renown international consultants. In the case of prime-rate customers, the Bank strives to develop its loans portfolio through cross-selling, which helps to improve portfolio quality considerably. In the case of other customers, the Bank's credit policy is appropriately conservative.

In order to fulfil the expectations of the banking regulator, in particular the guidelines contained in Recommendation S, the Bank plans to draw upon the experience of renown consultants and dynamically develop risk measurement and controlling tools in 2008. The Bank plans to complete the implementation of an advanced reporting system enabling in-depth analysis. In addition, while focusing on improved effectiveness, the Bank continues to improve the risk rating tools for retail customers.

The Bank's consistent policy also applies to projects of transborder expansion. In view of the launch of retail banking operations in the Czech Republic and Slovakia in 2007 and the start of operations in the UK market in 2008, the Bank plans to continue with its internal, coherent and centralised system of credit risk management independent of business operations.

BRE Bank also monitors the credit risk of the Group subsidiaries which generate credit risk. The monitoring involves two areas: direct personal supervision, and procedures and reports. Direct personal supervision of risk consists in representation of the risk services on the supervisory boards of the relevant subsidiaries.

The other area of control relies on safe credit risk procedures and on the controlling of existing credit risk through a system of reports and analyses. Credit risk procedures applied by the subsidiaries of the Group are based on the Bank's solutions and always consulted with the Head Office of the Bank.

Credit risk situation in BRE Bank is described in details in point. 3.2 of "Financial Statements for 2007 under the International Financial Reporting Standards".

IX.3. Liquidity Risk

The purpose of liquidity risk management is to assure and maintain the capacity of the Bank to honour both its current and future liabilities, taking into the account the costs of achieving liquidity. BRE Bank monitors financial liquidity on a daily basis, using cash flow analysis methods. Liquidity risk measurement is based on an in-house model developed on the basis of analysis of the Bank's specificity, deposit base volatility, concentration of financing, and planned developments of particular positions. Daily monitoring covers the following items: the value of cash flow gaps in specific time intervals (mismatch), the level of liquidity reserves of the Bank, and the degree of utilisation of internal liquidity limits. The Bank assesses potential liquidity risks and their impact based on scenario methodologies, including stress-testing.

The Bank also monitors regularly the concentration of financing, especially in the deposit base, and the balance of liquidity reserves. The Bank has put in place contingency procedures in the event of a sharp deterioration of its liquidity position. In 2007, the liquidity of the Bank remained at a safe and stable level.

IX.4. Market Risk

In its business, the Bank is exposed to market risk, consisting of interest rate risk, fx risk and risk attached to changing prices of securities held by the Bank, as well as other risks resulting from variations of market parameters. Market risk is quantified by means of measurement of Value at Risk (VaR) and by applying stress tests assuming extreme scenarios. In order to limit the level of exposure to market risk, the Risk Committee sets binding VaR limits and stress test limits.

In 2007, market risk measured by VaR remained at a safe moderate level in relation to the market risk limits and stress-testing control figures. According to the regularly conducted stress tests, the level of market risk remained within a safe range of values below the limit.

Value at Risk

Value at Risk (VaR) is the key measure of market risk applied to the portfolios of the trading book and the portfolios of the banking book. VaR is a statistical measure of probable loss to which a portfolio is exposed over a period of time at a given confidence level under normal market conditions due to changes in risk factors such as interest rates, fx rates, stock prices, and the volatility of the risk factors (fx rates, interest rates, prices). Probable loss means that a loss lower than the calculated VaR can be expected over a certain period at a pre-determined high probability (confidence level) set for the Value at Risk. VaR is calculated using back-testing based on time series of 254 observed values of all risk factors (1 year) affecting the Bank's portfolios. Until 2006, the Bank monitored VaR at a confidence level of 95% for a one-day holding period; as of 2007, VaR is monitored at a confidence level of 97.5%.

The table below presents the structure of market risk as measured by VaR (confidence level 97.5%) of the Bank's position.

VaR (PLN thousand)	2007				2006			
	31.12.2007	average	maximum	minimum	29.12.2006	average	maximum	minimum
Interest Rate Risk	4 722	5 189	9 587	3 449	4 643	4 418	10 955	1 816
FX Risk	455	976	2 454	182	349	334	1 086	20
Share Price Risk	155	260	944	6	452	313	2 223	109
VaR total	5 041	5 754	10 275	3 530	4 404	4 327	10 417	1 872

VaR is mainly determined by the portfolios of instruments sensitive to interest rates, such as Treasury bonds, commercial papers, IRS and CIRS, and in the second place by the portfolios of instruments sensitive to fx rates such as fx options and fx spots. Other risk factor categories have a relatively lower impact on VaR.

Stress-testing

Stress-testing is another measure of market risk supplementary to Value at Risk. Stress-testing determines the hypothetical change in the present value of the Bank's portfolios which would occur as a result of the risk factors moving to a specific extreme value within a one-day horizon. The Bank uses two methods of stress-testing: one where the scenarios of changes of the risk factors are based on large changes in market parameters observed in past crisis situations, and the other where the scenarios are based on large, extremely correlated changes of risk factors by the same proportion in each category. The stress-testing is subject to a limit set as a control figure. The average value of stress-testing (based on observed past crisis situations) was PLN 11.9 million for the trading portfolios of the Financial Markets Department and PLN 39.5 million for the portfolios of the Treasury Department in 2007.

Interest Rate Risk of the Banking Book

For the estimation of the interest rate risk of the banking book, i.e., its sensitivity to interest rate volatility, the Bank applies methods based on maturity gap analysis of instruments contained in the banking book. One of the aggregate measures used is the Earnings at Risk method (EaR). The EaR indicator determines the potential loss (decrease of the net interest income) which might result from adverse changes of interest rates, assuming that the portfolio is held unchanged for a period of one year. In addition, the Bank monitors the underlying risk, the risk of the yield curve and the client option. The rate of utilisation of internal interest rate risk limits of the banking book is monitored on a daily basis.

In 2007, the level of the interest rate risk was moderate for the position held in PLN and low for the positions in US$, EUR and CHF owing to the relatively small gaps in interest rate positions maintained in these currencies.

IX.5. Operational Risk

As of July 2003, every organisational unit of the Bank is required to identify and record operational losses in a central database created and supervised by the Financial Risk Department. The main purpose is to develop a sufficiently extensive set of historical data concerning loss events occurring at the Bank in order to be able to identify, analyse, monitor, and control operational events and losses which occur in particular business areas of the Bank. This approach is consistent with the requirements of the New Capital Accord (Basel 2).

Depending on the value of losses relating to the respective loss event, the organisational units of the Bank which were involved in the generation of the loss-related event are required to determine actions to be taken in order to prevent the occurrence of similar losses in the future. Such actions comprise, depending on the magnitude of the loss arisen, the definition of control mechanisms intended to prevent the emergence of similar events in the future, development of new operational procedures, and independent process audits conducted at the respective organisational units by the Internal Audit Department. Operational loss data are collected both at the Bank and across the Group.

BRE Bank has implemented the process of self-assessment of operational risk, which is carried out in all organisational units of the Bank once a year. At the same time, BRE Bank collects data and reports on a set of key operational risk factors related to the Bank's business. The set of risk factors is gradually extended to include new risks used in ongoing risk monitoring.

In addition, in late 2007, the Bank implemented a new tool used to identify risks of potentially rare but serious operational risk events (operational risk scenarios). In October and November 2007, BRE Bank held the first workshop on the development of operational risk scenarios with the participation of organisational units in all of the Bank's business lines. The workshop participants discussed and prepared a total of 32 risk scenarios presented at a meeting of the Risk Committee in January 2008.

X. Financial Rating of BRE Bank

X.1 Fitch Ratings

On 5 July 2007, Fitch raised BRE Bank's individual rating from D to C/D (sixth best grade on a scale of 9). At the end of December 2007, BRE Bank held the following Fitch ratings:

- long-term rating **A-** (third best grade on a scale of 12);
- short-term rating **F2** (second best grade on a scale o 6);
- individual rating **C/D** (sixth best grade on a scale of 9);
- support rating **1** (top grade on a scale of 5);
- long-term rating outlook for BRE Bank – stable.

X.2. Moody's Investors Service Ratings

In 2007, Moody's raised BRE Bank's rating on three occasions: in February, the financial strength rating was raised from D- to D; in May, the long-term rating of deposits was raised from A3 to A2 and the short-term rating of deposits was raised from P2 to P1; in August, the financial strength rating outlook was raised from stable to positive.
As a result, at the end of 2007 BRE Bank was rated by Moody's as follows:

- long-term rating of deposits **A2** (sixth grade on a scale of 21);
- short-term rating of deposits **P-1** (top grade on a scale of 4), outlook stable;
- financial strength rating **D** (on a scale from A to E), outlook positive.

In addition to rating by these two agencies, BRE Bank also holds BBBpi rating from Standard & Poor's (prepared on the basis of publicly available information), the fourth grade on a scale of 8, unchanged in 2007.

XI. Corporate Governance

In its business, the Bank complies with all applicable legislation, including the Banking Law, regulations of supervisory authorities, and internal regulations. As a public company, the Bank observes the information requirements under binding legislation and strives to inform investors about its performance as well as short-term and long-term plans.
In addition, as a public company, the Bank undertook to comply with the market's principles of corporate governance. Corporate governance is a range of measures and regulations aimed to ensure a balance between the interests of all stakeholders of the company (investors, managers, employees, suppliers) in order to support its growth.
Polish corporate governance rules collected in the "Good Practices in Public Companies" were first incorporated by the authorities of the Warsaw Stock Exchange in September 2002. The Good Practices comprise the core rules of a business code of ethics to be followed by listed companies in day-to-day business. The new version of the rules, "Good Practices in Public Companies 2005", took effect on 1 January 2005 and remained in force until the end of 2007.

A new document "Best Practice of WSE Listed Companies" was entered into force as of 1 January 2008. In keeping with the new principles, BRE Bank prepared a separate compliance report as a part of the 2007 Annual Report published together with this Management Board Report.

XI.1. Investor Relations

Corporate governance is also improved by means of developing relations with investors, analysts, and journalists. This includes conferences organised at the time of publication of quarterly results and spectacular events at the Bank or Group subsidiaries, as well as many meetings with Management Board representatives in Poland and abroad, and answers to submitted queries.

Investor Relations (IR) officers presented the Bank to 312 investors at one-on-one meetings in 2007. BRE Bank was represented at 8 conferences, including London, New York, and Prague. The IR team together with Management Board representatives participated in 4 road-shows, including Europe and the USA. BRE Bank's participation in the CEE Market Forum held by the WSE proves that the Bank also approached individual investors. The IR team received 1,3 thousand investor and analyst queries by e-mail and by phone in 2007.

The BRE Bank Investor Day was held for the first time ever in 2007. The Investor Day was held in Łódź and actually lasted 2 days (17-18 September). It was addressed to domestic and foreign analysts and representatives of institutional investors including investment and pension funds. The event was very popular with participants.

These initiatives were accompanied by day-to-day reporting, including current and periodic reports published under mandatory reporting requirements as well as the continuously updated and extended internet portal of the Bank.

BRE Bank received the highest rating in the fourth edition of a ranking of listed companies published by the Jury of Institutional Investors under the auspices of the Polish Directors Institute in 2007. In the ranking, BRE Bank was named a Trustworthy Company 2007. This award proves that BRE Bank complies with the highest corporate governance standards.

BRE Bank was ranked third in the WarsawScan 2007 report (published in June) of investor opinions on listed companies' investor relations. BRE Bank's corporate governance was ranked number one among the listed companies.

The 9th Annual IR Magazine Continental Europe Awards were presented in October. BRE Bank was awarded in two categories: Best Growth of IR Quality of SMEs, and Best IR of Polish Companies.

BRE Bank's IR team ranked number 13 among Europe's 25 top IR teams. The rating was published by Thomson Extel Surveys based on peer group indications. BRE Bank was the only Polish company on the list.

XII. BRE Bank and Corporate Social Responsibility

BRE Bank has for years worked on non-commercial initiatives guided by the understanding of the growing importance and impact of sponsorship and charity work. In 2007, the Bank focused on support for entrepreneurship, the competitiveness and quality of the business environment, and promotion of innovative business solutions.

Ranking of 500 Top Innovators

The key and largest project was the innovation ranking compiled for the third time in co-operation with the Institute of Economics of the Polish Academy of Sciences and the newspaper *Gazeta Prawna*. The main purpose of the project is to identify and promote innovative companies, to present the best market solutions, to create a platform of discussion and co-operation, and to stimulate interest in innovation in order to reduce the development gap between Polish companies and global leaders. The subsequent editions of the ranking over the past 3 years covered:
First edition – around 2.5 thousand companies
Second edition – around 10 thousand companies
Third edition – around 26 thousand companies

The ranking awarded several companies which were promoted on the regional and national level. The ranking was presented at regional Innovation Galas held in Katowice, Gdańsk, Poznań, Wrocław and Łódź. Dedicated seminars on innovation brought together more than a thousand participants who discussed barriers to innovation, patent law, and financing of innovative projects.

BRE Bank also provided financial assistance to Polish researchers. The Institute of Economics of the Polish Academy of Sciences developed a unique professional methodology of innovation research. The methodology is used to train officials of the public administration and companies interested in evaluating innovation. Co-operation between the European Consultants Training Institute in Kalisz and the MSN Scientific Network supports a series of training sessions awarding the title of Innovation Consultant, Expert, and Auditor (participants included representatives of the Ministry of the Economy, the Ministry of Science and Higher Education, the Ministry of the Interior and Administration, the Ministry of Environmental Protection).

For more information and to see the list of 500 top innovators click at www.brebank.pl/innowacyjność

BRE Bank Foundation

Charity initiatives are co-ordinated by the BRE Bank Foundation, a charity organisation active mainly in the field of education and science. The Foundation also supports initiatives in the health care and social protection sector, as well as in culture and the arts.

In 2007, the Foundation Board reviewed over 800 applications of private individuals, State institutions, legal entities, organisational units, and other foundations, associations and charity organisations. Decisions concerning subsidies and financial assistance passed at meetings of the Foundation Board in 2007 awarded and expensed PLN 2.3 million for the statutory activity of the Foundation, up by 70% year on year.

These statutory expenditures focused mainly in the following areas:

- 60.3% - education (aiding schools and scientific institutes, sponsoring research and publications, funding awards);
- 26.2% - health care and social assistance (aiding sick and disabled children, health care and social protection institutions);
- 13.5% - culture (funding cultural events, publications, supporting artists, repair of monuments and churches).

Major projects financed by the Foundation in 2007:

1. The BRE Bank Foundation and the CASE Foundation continued their co-operation under an agreement of 16 December 2005; they jointly initiated and organised seminars and conferences for researchers, experts and practitioners of management concerning the transition of the Polish economy, in particular the banking sector, and publications on economics and finance;

2. Foundation for Education in Entrepreneurship (FEP) – support of a Bridge Scholarship Programme (assistance to freshmen students from unprivileged backgrounds). The BRE Bank Foundation funded 50 scholarships and participated in the FEP Scholarship Board in 2007;
3. University Entrepreneurship Incubators Foundation – BRE Bank Foundation funded a business plan competition for students organised by University Entrepreneurship Incubators;
4. The Polish Fund for Children – the Foundation supported the Assistance for the Very Gifted Programme and funded awards in the national stage of the EU Young Scientists Competition;
5. The "Help Before It's Too Late" Foundation for Children received a donation to cover the medical costs of 100 children.
6. The Synapsis Foundation received a donation for its programme "Autism – Means of Social and Professional Integration";
7. The ABCXXI Foundation – donations for its campaign.

mBank and MultiBank sponsorship and charity initiatives

The major initiatives of mBank in 2007 included:

- Sponsorship of II OFF Myslovitz Festival – one of the most interesting alternative music events in Poland, connected with the International Fair of Volunteerism and Festival of Children Happiness.
- Co-operation (sixth consecutive year) with ABCXXI Foundation – „ All of Poland Reads to Kids".
- Prizes funded in the competition for business plans organised by Academic Entrepreneurship Incubators.
- Strategic Partnership in the competitions Moneta Aurea and Moneta Platina (knowledge concerning taxes, audit and accounting) organised by Deloitte.
- Two initiatives promoting active life style: mBank Łódź Marathon (since 2004) and mBank eXtreme in Sielpia (since 2001); 700 participants in both events.
- Charitable activity including collection of funds for certain foundations, for victims in catastrophes, auctions of gadgets for the Great Orchestra of Christmas Charity.

mBank's total expenditures for pro-social activities reached PLN 572 thousand.

MultiBank supported the Aquarius Club for Culture Programme in 2007. The programme promoting the arts provided grants to cultural institutions for their ambitious projects.

- The Theatre Club sponsored the summer season of the Agnieszka Osiecka Atelier Theatre Sopot;
- Sponsorship of cultural events and institutions, including the Christian Cultural Festival, Urbanator Days – music workshops of Michał Urbaniak, the National Gallery of Art "Zachęta", the Łódź Municipal Museum;
- Sponsorship of trips to Alaska and Pakistan and "Travellers 2007" – National Geographic awards for Polish travellers and explorers;
- Financing many charity initiatives.

MultiBank's expenditures for the above initiatives totalled PLN 472 thousand.

The total expenditures of the BRE Bank Foundation (with expenditures directly from BRE Bank), mBank and MultiBank for these initiatives were PLN 3.5 million (PLN 4,3 million with Innovation Galas) including: education and science PLN 1.5 million, culture PLN 0,8 million, health care and social assistance PLN 0.7 million, other PLN 0.5 million.

XIII. Main Awards and Distinctions in 2007

Entrepreneur-Friendly Bank

BRE Bank was awarded the Promotion Badge of an "Entrepreneur-Friendly Bank" and 5 Golden Stars in the ninth edition of the "Entrepreneur-Friendly Bank" competition organised by the Polish Chamber of Commerce, the Polish-American SME Advisory Foundation, and the Warsaw Institute for Banking.

The jury awarded BRE Bank for its professional advisory, consistent friendly approach to institutional clients, and transparent offer. Thanks to its high score in 5 consecutive editions of the competition and in recognition of its systematic contribution to friendly relations with SMEs, BRE Bank was given the Platinum Award.

The Łódź Corporate Branch was awarded in the competition and received the "Entrepreneur-Friendly Bank Branch" Promotion Logo. It won the highest score among all participants in this category thanks to its highly professional SME customer service in keeping with appropriate financial indicators of a branch. The jury decided that its model location affords SME clients an above-average standard of service and scope of financial services.

Sławomir Lachowski was named the Banker of Polish Business in the Universal Bank category in recognition of his outstanding contribution to the development of SME banking, the creation and maintenance of BRE Bank's friendly offer for SMEs, and special care for comfortable relations with the segment.

Best Financial Institution 2006 in a Rzeczpospolita Ranking

BRE Bank took the second position among financial institutions in a ranking published in June 2007. The jury evaluated the following criteria: growth in the portfolio of loans and deposits, net commission income, net interest income, net profit, profitability rations (ROE and ROA), number of corporate and retail accounts, retail credit cards, cash loans.

BRE Bank CEO: Top Manager 2007

Sławomir Lachowski, President of the Management Board of BRE Bank, was named the Best Manager in the Finance and Insurance category in a competition organised by the monthly Manager Magazine, the Polish Confederation of Private Employers Leviathan, and KPMG. The award is given to the CEOs of companies offering the highest returns on stocks. Other factors include the growth rate of income and profit and other management and business achievements including exceptional innovation, improved effectiveness of the company, reorientation of the business model.

Other awards included the following:

- BRE Bank won the first position in the financial institutions category in The Best Annual Report 2006 competition organised by the Institute for Accounting and Taxation. In addition, BRE Bank was awarded for the best Management Board report on the company's business.
- BRE Bank's internet service was awarded in the Issuer Golden Site competition organised by the Association of Stock Exchange Issuers.
- mBank won the main prize in the checking accounts category in the first edition of the professional independent customer satisfaction survey Gold Standard.
- BRE Bank was awarded in the HR Management Leader competition organised by the Institute of Labour and Social Affairs.
- The BRE Bank Foundation was awarded the golden badge of honour by the Polish Association for Economics in appreciation of its long-time co-operation and support of the Economics Olympics.
- BRE Bank and TVN won the ranking of internet sites of companies featured in the WIG20 stock exchange index.
- BRE Bank SA was awarded in the IT Leader in Banking category for the launch of Poland's first virtual mobile operator mBank mobile.

XIV. BRE Bank's Plans for 2008

XIV.1. External Environment in 2008

The GDP growth rate is expected to slow down to around 5.5% in 2008, compared to 6.5% in 2007, mainly due to the projected decrease in domestic demand (especially if concerns with the sharp decline in economic activity in the USA and its negative impact on EU economic growth substantiate) and the gradually occurring effects of the tightening of the monetary policy in Poland.

The growth rate of investments may fall from 20% in 2007 to around 15% while the continued high growth in wages and growing social benefits will step up the growth of private consumption (to around 6.4%). The prevailing high growth in domestic demand will further increase the external imbalance. The current account gap may approach around 5% of GDP at the end of 2008.

Due to shrinking supply on the labour market, fast rising labour costs and slightly lower growth rate of investments, the growth rate of employment will be gradually falling in 2008. The official unemployment rate will drop to around 10% by the year's end.

Inflation is expected to keep rising in 2008 (especially in H1) on average to 4% (temporarily even to around 4.5%). Inflation will be driven by statistical effects (low reference rate of early 2007) and the expected gradual occurrence of the effects of demand factors, mainly the high growth of wages. Early in the year, the CPI will be driven by high food and oil prices.

The Monetary Policy Council (RPP) is expected to continue raising the interest rates by 50 bp in Q1 and by a total of 100 bp in all of 2008.
The growth rate of loans on the market is expected to fall from 30% in 2007 to 25% in 2008. Household loans will continue to grow faster, by around 28%, including mortgage loans by as much as 40%, while corporate loans will grow by around 20%.

Deposits are expected to grow by 12-13%, close to the growth rate recorded in 2007. With growing interest rates and dwindling returns on stock investments, household deposits will grow at a higher rate.

XIV.2. BRE Bank Group's Targets for 2008

Based on the macroeconomic scenario, the targets include growth in deposits by 18.5%, loans by 34%, and assets by 21%.

The targets of Corporates and Institutions are as follows:

- To grow the number of customers with a high profit potential to 13.4 thousand customers, including 8,600 SMEs;
- To grow the volume of loans to enterprises by PLN 2 billion, including EU loans up by 17%;
- To grow the share of income generated by SME customers in the total income of the line by 2 percentage points;
- To expand the corporate banking network by opening 20 Corporate Offices in total.

In addition, BRE Bank set up the subsidiary BRE Holding which was registered by the court in November 2007. The company was established to ensure tax optimisation in the BRE Bank Group. Shares of several companies including Polfactor S.A., BRE Leasing Sp. z o.o. and BRE Bank Hipoteczny SA will be contributed in kind to the company in Q1 2008.

The main targets of Trading and Investments are to defend the leading position in short- and mid-term debt securities and the no.1 Primary Dealer Status. The other targets are as follows:

- To increase the distribution of structured and derivative products to corporate and retail customers;
- To interlink money market (MM), currency (FX) and interest rate (IR) trading with other Commerzbank entities in Central and Eastern Europe;
- To develop the mezzanine finance offer;
- To sell the stakes in Vectra and Novitus. The Vectra stake was sold for PLN 264 million at a profit of PLN 137.7 million at the end of January 2008.

Retail Banking targets:

- To grow the customer base from 2.04 million to 2.4 million customers, up by 18%;
- To grow the loans portfolio from PLN 13.6 billion to PLN 19.4 billion, up by 42%;
- To grow the volume of customers' savings and investments from PLN 18.4 billion to PLN 23 billion, up by 25%, including deposits from PLN 12.7 billion to PLN 14.9 billion, up by 17%;
- To expand to the consumer finance market and to grow the sales network accordingly;
- To maintain the share in mortgage loans sales;
- To develop the offer of savings products, including structured products;
- To achieve mBank's entry to other EU markets;

XV. Appointment of the Auditor

The agreement with the company PricewaterhouseCoopers Sp. z o.o. (PwC), which covered an audit of the financial statements of BRE Bank and the BRE Bank Group for the period starting 1 January 2007 and ending 31 December 2007 and a review of the financial statements of BRE Bank and the BRE Bank Group for the period starting 1 January 2007 and ending 30 June 2007, was executed by the Bank with the auditor on 17 July 2006.

On 16 March 2007, the Bank's Ordinary General Meeting, acting pursuant to § 11(n) of the Bank's By-laws, approved the appointment of PwC as auditor to audit the financial statements of the Bank and the consolidated financial statements of the BRE Bank Group for 2007.

PwC (with its seat at 14, Al. Armii Ludowej, 00-638 Warsaw) is a registered auditor no. 144 authorised to audit financial statements. The Bank has used PwC's audit services in the past years.

PwC audits the financial statements of the Bank's strategic shareholder. According to BRE Bank's commentary to principle 42 of the "Good Practices in Public Companies," in force until the end of 2007, the existing auditor of the Bank's financial statements may be replaced depending on the change of auditor of the financial statements of the Bank's strategic shareholder.

In addition, the Bank complied with the principle providing that the partners carrying out audits within the organisation of the same company rotate at least once every five years. Article 42 of the Directive (Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts) provides that the key audit partner(s) responsible for carrying out a statutory audit rotate(s) within a maximum period of seven years

XVI. Authorities of BRE Bank

In addition to the following information, the procedures of the General Meeting and the procedures of the Supervisory Board and the Management Board are presented in the "BRE Bank SA Corporate Governance Compliance Report" attached to this Management Board Report.

XVI.1. Supervisory Board

XVI.1.1. Composition of the Supervisory Board, Changes in 2007

Pursuant to the BRE Bank By-laws and Rules of the Supervisory Board, the Supervisory Board consists of not less than five members. The current term of office of the Supervisory Board is two years, ending on the date of the General Meeting which will approve the Bank's results for 2007. The term of the newly elected Supervisory Board will last longer, for three years.

In 2007, the composition of the Supervisory Board changed. Mr Krzysztof Szwarc, a founder of BRE Bank, long-time President of the Bank's Management Board, and Member of its Supervisory Board for 8 years (including 6 years as Chairman), resigned from the Supervisory Board as of 28 February 2007.

Otherwise, the composition of the Supervisory Board and the functions of its members did not change in 2007. The composition of the Supervisory Board was as follows:

1. Maciej Leśny – Chairman of the Supervisory Board, Chairman of the Executive Committee
2. Martin Blessing – Deputy Chairman of the Supervisory Board, Deputy Chairman of the Executive Committee
3. Nicholas Teller – Member of the Supervisory Board, Member of the Executive Committee
4. Jan Szomburg – Member of the Supervisory Board, Member of the Executive Committee
5. Gromosław Czempiński – Member of the Supervisory Board
6. Achim Kassow – Member of the Supervisory Board
7. Teresa Mokrysz – Member of the Supervisory Board
8. Michael Schmid – Member of the Supervisory Board

The independent members of the Supervisory Board are: Maciej Leśny, Jan Szomburg, Gromosław Czempiński, and Teresa Mokrysz. The strategic shareholder Commerzbank is represented by: Martin Blessing, Nicolas Teller, Achim Kassow, and Michael Schmid.

The Supervisory Board has 3 Committees: the Executive Committee, the Risk Committee, and the Audit Committee. The composition of the Committees as at 31 December 2007 was as follows:

Executive Committee	Maciej Leśny - Chairman Martin Blessing – Deputy Chairman Jan Szomburg - Member Nicholas Teller - Member

Risk Committee	Michael Schmid - Chairman Maciej Leśny - Member Nicholas Teller - Member
Audit Committee	Achim Kassow - Chairman Martin Blessing - Member Maciej Leśny - Member Jan Szomburg - Member

The professional CVs of the Supervisory Board Members are summarised below.

Maciej Leśny
Chairman of the Supervisory Board

Born in 1946. In 1969 he graduated from the Faculty of Economics, Warsaw University. During his professional Carter, he worked for 6 years in the shipbuilding industry in Gdańsk, 8 years for Zakłady Elektronicznej Techniki Obliczeniowej. He worked 22 years in the central state administration, including 8 years as Undersecretary of State: at the Ministry of Foreign Economic Co-operation, the Ministry of the Economy, Labour and Social Policy, and recently as Undersecretary of State at the Ministry of Infrastructure.

He completed post-graduate studies and training courses at universities in the USA: Michigan University (Business School of Administration) and De Paul University (Chicago). In 1992-1993, as a scholarship holder of the USA government, he studied at the American University in Washington, DC. During his scholarship, he completed a four month internship in the World Bank and privatisation training in the International Monetary Fund.

Between March 1994 and 1998 he was Chairman of the Supervisory Board and then until December 2001 Member of the Supervisory Board. He was re-elected Chairman of the Supervisory Board in 2004.

Martin Blessing
Deputy Chairman of the Supervisory Board

Born in 1963. In 1983-1984 he was a trainee at Dresdner Bank AG. In 1984-1987 he studied management at the University of Frankfurt and the Sankt Gallen University. In 1988 he received an MBA title at the University of Chicago. In 1989-1996 he worked for McKinsey in Frankfurt and in New Your City as a consultant and from 1994 as the Partner. In 1997-2000 he worked at Dresdner Bank AG in Frankfurt as Joint Manager in the Private Customers Division. In 2000-2001 he was President of the Management Board of Advance Bank AG in Munich.

Member of the Management Board of Commerzbank AG since 1 November 2001.
Appointed to the BRE Bank Supervisory Board in January 2005.

Nicholas Teller
Member of the Supervisory Board

Born in 1959, he studied economics and graduated from the University of Birmingham. Since 1982 he has worked for Commerzbank AG. In 1994-1999 he was General Director of the Prague Branch of Commerzbank. From 2002 to March 2003 Member of the Regional Management Board of Commerzbank, and since 1 April 2003 Member of the Management Board of Commerzbank A.G. (responsible for Corporates and Markets).

Member of the BRE Bank Supervisory Board since May 2000.

Jan Szomburg
Member of the Supervisory Board

Born in 1951. He holds a PhD in economics. Previously Research Associate and then Assistant Professor at the University of Gdańsk. He is now President of the Management Board of the Gdańsk Institute for Market Economics.

Member of the BRE Bank Supervisory Board since May 1998.

Gromosław Czempiński
Member of the Supervisory Board

Born in 1945. A university degree in economics. Retired General, head of the State Security Office in 1993-1996, owner of a consulting company.

Member of the BRE Bank Supervisory Board since May 2000.

Teresa Mokrysz
Member of the Supervisory Board

Born in 1952. She graduated from the University of Economics in Katowice in 1978. Co-owner of MOKATE. In 1992-1994 she launched cappuccino coffee as a new product on the Polish market and acquired a 70% market share and the leading position in this product category.

In 1994-1995 she built a greenfield MOKATE plant in Ustroń and in 2001 her company opened another plant in Żory. Thanks to investment projects, she introduced the company into the market of semi-finished products and launched new MOKATE manufacturing divisions equipped with state-of-the-art technologies.

She is the winner of the "Leader of the Decade" title awarded by the *Gazeta Wyborcza* daily and the "Success of the Decade" title awarded by *The Businessman Magazine*. In 2000 the International Businesswomen's Foundation, Los Angeles awarded her as the world's most entrepreneurial woman. She has funded scholarships for talented youth from disadvantaged backgrounds, financially supported health care institutions, nursing homes, orphanages and schools.

Member of the BRE Bank Supervisory Board since April 2002.

Michael Schmid
Member of the Supervisory Board

Born in 1952. He holds a degree in economics. He studied economy at the University of Würzburg.

He has worked for Commerzbank since 1979 and was in charge of corporate banking in numerous positions, including the Commerzbank Branch in Essen (1988-1990), the Headquarters in Frankfurt (1990-1995), the Branch in Kiel (1996-2000), the Branch in Frankfurt (2001-2002).

Currently Head of the Global Credit Operations Division at the Headquarters of Commerzbank in Frankfurt (Chief Credit Officer-CCO). He is also Member of the Supervisory Board of CommerzLeasing und Immobilien AG, Chairman of the Advisory Council of Corecd GmbH, and Member of the Advisory Council of Heberer GmbH&Co.

Member of the BRE Bank Supervisory Board since 27 May 2003.

Achim Kassow
Member of the Supervisory Board

Born in 1966. He studied business administration and economics at the Cologne University where he obtained the degree in trade and then a PhD in 1996. In 1993-2002 with the Deutsche Bank Group (from 1999 Member of the Executive Management of Deutsche Bank 24 AG, from 2001 Member of the Management Board of Deutsche Bank 24 AG). In 2002-2004 President of the Management Board of comdirect bank AG, Quickborn.

Since 10 November 2004, Member of the Management Boar of Commerzbank AG responsible for Asset Management, Private Banking, Private and Corporate Clients, and Retail Clients.

Appointed to the BRE Bank Supervisory Board on 17 October 2006.

XVI.1.2. Principles of Determining Remuneration for Members of the Supervisory Board

The monthly remuneration of Supervisory Board members paid in 2007 was determined as a fixed amount in Resolution No. 27 of the 17th General Meeting of BRE Bank on 21 April 2004 and was as follows:

Members of standing committees receive additional monthly remuneration at 50% of the basic monthly remuneration for membership of the first committee and 25% of the basic monthly remuneration for membership of each next committee. The total remuneration for membership of committees must not be more than 75% of the basic remuneration.

The amount of remuneration received by individual members of the Supervisory Board is presented in Note 45 to the BRE Bank Group Financial Statements for 2007 under the International Financial Reporting Standards.

XVI.2. Management Board of BRE Bank

XVI.2.1. Composition of the Management Board, Changes in 2007

Pursuant to the BRE Bank By-laws and Rules of the Management Board, the Management Board is composed of at least three members appointed for a joint term of office of 5 years. The Supervisory Board appoints and dismisses the President, the Deputy Presidents and the other members of the Bank's Management Board in keeping with the provisions of the Banking Law. The mandate of a member appointed before the end of a term expires at the same time as the mandates of the other members of the Management Board. The current term of the Management Board ends on the date of the General Meeting which will approve the Bank's results for 2007.

The composition of the Management Board of BRE Bank and the division of competences among its members changed in 2007. At its meeting on 28 June 2007, the Supervisory Board appointed Mr Jarosław Mastalerz to the Management Board as Member as of 1 August 2007. He was appointed Managing Director for Retail Banking (the function was previously performed by President of the Management Board Sławomir Lachowski).

The composition of the Management Board after 1 August 2007 was as follows:

1. Sławomir Lachowski – President of the Management Board and General Director of the Bank
2. Jerzy Jóźkowiak – Management Board Member, Managing Director for Finance
3. Bernd Loewen – Management Board Member, Managing Director for Investment Banking
4. Rainer Ottenstein – Management Board Member, Managing Director for Operations and IT
5. Wiesław Thor – Management Board Member, Managing Director for Risk
6. Janusz Wojtas – Management Board Member, Managing Director for Corporate Banking
7. Jarosław Mastalerz – Management Board Member, Managing Director for Retail Banking

The professional CVs of the Management Board Members are summarised below.

Sławomir Lachowski
President of the Management Board and General Director

Born in 1958, he graduated with honours from the Faculty of Economics, Warsaw School of Economics (formerly Central School of Planning and Statistics) and completed post-graduate studies in microeconomics at the Johannes Gutenberg University in Mainz and at the Zurich University. Graduate of the Advanced Management Program, INSEAD (Fontainebleau, France) and Stanford Executive Program (Stanford).

For many years he had worked for the Research Institute for Economic Development. He participated in the work of a team led by Professor Leszek Balcerowicz preparing the guidelines for transformation of the centrally planned economy into an open-market economy.

He was also Deputy President of the Management Board of PKO BP, and prior to that he had been First Deputy President of PBG S.A., member of the Pekao S.A. Capital Group.

Until April 2001 Member of the Management Board of BRE Bank and then Deputy President and Managing Director for Retail Banking (Head of the mBank project, the first internet bank in Poland). On 2 November 2004 he was appointed by the Supervisory Board as President of the Management Board of BRE Bank.

He sits on the Supervisory Boards of the companies that are members of the BRE Bank Group: PTE Skarbiec-Emerytura S.A. (Chairman), Intermarket Bank AG (Chairman), BRE Bank Hipoteczny S.A. (Chairman), BRE Wealth Management Sp. z o.o.(Chairman). Sławomir Lachowski is also a member of the VISA Business Development Advisory Committee, the Polish Banks Association Audit Committee, and the Polish Business Roundtable. He is also Deputy President of the Management Board of the Polish Union of Private Employers, Banks and Financial Institutions and Member of the Supervisory Board of Hochtief Construction AG.

Jerzy Jóźkowiak
Management Board Member, Managing Director for Finance

Born in 1958. In 1983 he graduated from the Faculty of Foreign Trade, Warsaw School of Economics (formerly the Central School of Planning and Statistics). In 1984-1990 he was a researcher at the Research Institute for

Economic Development of the Central School of Planning and Statistics. In 1990-1993 he was a financial advisor to corporations. In 1993-1995 he was Director of the Restructuring and Debt Recovery Department at PBG S.A. in Łódź. In 1995-1996 he was President of PBG-Investment Fund and in 1996-1998 Deputy President of the Management Board of PBG S.A. From January 1999 to December 2001 he was Executive Director at Bank PeKaO SA.

From 2002 Managing Director for Finance, Risk and Operations at the Retail Banking Division of BRE Bank SA. Since July 2003 BRE Bank's Head of Finance. In 2004-2006 Managing Director for Retail Banking and Private Banking.

Currently Management Board Member and Managing Director for Finance.

Member of the Supervisory Board of Krajowa Izba Rozliczeniowa SA and Centrum Rozliczeń i Informacji CERI Sp. z o.o., Chairman of the Supervisory Board of emFinanse Sp. z o.o. and BRE.locum SA. He is a member of Visa Poland's Decision Committee.

Bernd Loewen
Management Board Member, Managing Director for Investment Banking

Born in 1965 in Hagen, Germany. In 1991 he graduated from the Management Department of the University of Münster. In 1992-1995 he worked at Altenburg&Tewes AG, an audit company in Wuppertal. Since January 1996 with Commerzbank AG: in 1996-1998 at the Headquarters of Commerzbank in Frankfurt, Strategic Controlling Division; in 1998 - 2001 in the Department of Corporate and Investment Banking. From January 2002 Co-manager and from October 2004 Manager of the Commerz Capital Markets Corporation in New York.

Since May 2005 BRE Bank Management Board Member and Managing Director for Investment Banking.

He is also Chairman of the Supervisory Board of DI BRE Banku and BRE Corporate Finance S.A. and Member of the Supervisory Board of BRE Bank Hipoteczny.

Rainer Peter Ottenstein
Management Board Member, Managing Director for Operations and IT

Born in 1958 in Heidelberg, in 1984 he graduated from the University of Mannheim where he studied economics of enterprises. Since 1984 with Commerzbank AG. He was Manager of the Branch in Geggenau (1987-1990), Strategy Specialist (1990-1995) on the Central Development and Controlling Board, and then Head of Commerzbank's Strategy and Controlling Division (1995-1998). From 1999 with Commerzbank Sucursal en Espańa first as member of management and then as of 2002 as Branch Manager (Madrid and Barcelona).

Member of the Management Board of BRE Bank since 22 April 2004.

Wiesław Thor
Management Board Member, Managing Director for Risk

Born in 1958, he graduated from the Faculty of Economics, Warsaw School of Economics (formerly the Central School of Planning and Statistics). He also completed a training program of KPMG and the South Carolina Business School "Train the Trainer" and attended a summer school of banking at McIntire University Business School. After graduation in 1982 he worked as a Senior Researcher at the Institute of Economics of the Polish Academy of Sciences.

Since 1990 with BRE Bank as Specialist, Head of Division, Deputy Director of the Warsaw Branch, from 1997 to 2000 Director of the Credit Department. From May 2000 Head of Risk. After 1 August 2002 Managing Director at Bank Handlowy w Warszawie. On 2 November 2002 appointed Member of the Management Board of BRE Bank.

The Supervisory Board member : Intermarket Bank AG, Polfactor SA, BRE Bank Hipoteczny SA i BRE Leasing Sp. z o. He is a lecturer of the Warsaw Institute of Banking and the Warsaw School of Economics. He is also a member of the Steering Committee of the Risk Management Association (former Robert Morris Association European Credit & Risk Management Round Table) and PRMIA

Janusz Wojtas
Management Board Member, Managing Director for Corporate Banking

Born in 1967. He graduated from the Faculty of Economics and Foreign Trade of the University of Łódź in 1992. He also studied at the Copenhagen Business School in Denmark. In 1994-1998 he worked for the Corporate Banking Department of PBG Bank SA (later PBG Bank SA – Pekao S.A. Group) in Łódź as Deputy Director and then Director of the Department. From 1999 with PKO BP S.A. in the following positions: Deputy Director and Director of the Corporate Banking Department, and Managing Director for Corporate Banking.

Since April 2005 with BRE Bank as Management Board Member and Managing Director for Corporate Banking.

He is also Chairman of the Supervisory Board of BRE Leasing and Member of the Supervisory Board of Polfactor.

Jarosław Mastalerz
Management Board Member, Managing Director for Retail Banking

Born in 1972, he graduated from the Faculty of Economics and Sociology (major in Foreign Trade) and the Faculty of Management (major in Management Accounting) of the University of Łódź. Certified by the UK Association of Chartered Certified Accountants.

In 1996-1998, with the audit department of PricewaterhouseCoopers. He published on accounting in National Investment Funds.

In 1998-2003, with the Zurich Group, as Marketing Director and later Finance Director. After the take-over of Zurich's operations in Poland by Generali in 2003, he was Financial Director (responsible also for bancassurance) at Generali TU and Generali TUnŻ.

On 20 July 2006, appointed President of the Management Board of BRE UBEZPIECZENIA Sp. z o.o., later also President of the Management Board of BRE Ubezpieczenia Towarzystwo Ubezpieczeń S.A. Responsible for the development and integration of insurance programmes offered by the BRE Group and the provision of process management services in the distribution of insurance to external partners.

BRE Bank Management Board Member as of 1 August 2007. Responsible for BRE Bank's Retail Banking Division: mBank, MultiBank and Private Banking.

XVI.2.2 Remuneration of the Management Board

The terms of contracts and remuneration of Management Board members are determined by the Supervisory Board. The Executive Committee is responsible for reviewing matters relating to the principles and the amount of remuneration of the Management Board Members and setting the amount of remuneration.

The overall remuneration includes a fixed part and a variable part (bonus). The principles of determining the bonus for the Management Board in 2005, 2006, and 2007 were laid down in Resolution No. 50/05 of the Supervisory Board dated 20 June 2005. The bonus consists of three parts.
Part 1 is directly linked to the ROE (net) of the BRE Group based on consolidated figures. Part 2 is based on individual performance of the annual budget set every year by the company and approved by the Supervisory Board. In the case of the President of the Management Board, the Managing Director for Finance, and the Managing Director for Risk, it is the Group's overall budget. In the case of the Managing Directors for Retail Banking, Corporate Banking, and Investment Banking, it is the budget of the relevant business area. Part 3 is determined by the Executive Committee based on its joint assessment.

The amount of remuneration received by individual members of the Management Board broken down into the fixed remuneration and the bonus is presented in Note 45 to the BRE Bank Group Financial Statements for 2007 under the International Financial Reporting Standards.

XVII. Statements of the Management Board of the Bank

True and Fair Picture in the Presented Reports

The Management Board of BRE Bank SA declares that according to its best knowledge:

- The annual financial statements and the comparative figures were prepared in compliance with the binding accounting principles and present a true, fair and clear picture of the financial position and the condition of the assets of the BRE Bank SA as well as its financial performance;
- The report of the Management Board concerning the business activities in 2007 presents a true picture of the developments, achievements, and situation of the BRE Bank SA, including a description of the main risks and threats.

Appointment of the Auditor

The Auditor authorised to audit financial statements performing the audit of the annual financial statements of the BRE Bank SA was appointed in compliance with legal regulations. The audit company and its auditors fulfilled the conditions necessary for an impartial and independent audit report in compliance with respective provisions of Polish law.

Signatures of the Members of the Management Board of BRE Bank SA

Date	*Name*	*Position*	*Signature*
28.02.2008	Sławomir Lachowski	President of the Management Board, General Director of the Bank	
28.02.2008	Jerzy Jóźkowiak	Member of the Management Board, Managing Director for Finance	
28.02.2008	Jarosław Mastalerz	Member of the Management Board, Managing Director for Retail Banking	
28.02.2008	Bernd Loewen	Member of the Management Board, Managing Director for Investment Banking	
28.02.2008	Rainer Ottenstein	Member of the Management Board, Managing Director for Operations and IT	
28.02.2008	Wiesław Thor	Member of the Management Board, Managing Director for Risk Management	
28.02.2008	Janusz Wojtas	Member of the Management Board, Managing Director for Corporate Banking	