BRE BANK SA

BRE Bank SA Group

IFRS Consolidated Financial Statements
for the second quarter of 2007

Contents

Selected financial data

SELECTED FINANCIAL DATA FOR THE GROUP		in PLN '000		in EUR '000	
		2 quarter 2007 from 01.01.2007 to 30.06.2007	2 quarter 2006 from 01.01.2006 to 30.06.2006	2 quarter 2007 from 01.01.2007 to 30.06.2007	2 quarter 2006 from 01.01.2006 to 30.06.2006
I.	Interest income	1 040 598	790 813	270 384	202 762
II.	Fee and commission income	408 010	327 354	106 015	83 933
III.	Net trading income	258 282	196 099	67 111	50 279
IV.	Operating profit	530 605	249 231	137 870	63 902
V.	Profit before income tax	530 605	249 119	137 870	63 873
VI.	Net profit (loss) attributable to minority interest	15 753	14 091	4 093	3 613
VII.	Net profit (loss)	403 866	180 399	104 938	46 254
VIII.	Cash flows from operating activities	(2 080 747)	(1 689 868)	(540 650)	(433 277)
IX.	Cash flows from investing activities	46 435	(230 379)	12 065	(59 069)
X.	Cash flows from financing activities	776 149	782 178	201 670	200 548
XI.	Net increase / decrease in cash and cash equivalents	(1 258 163)	(1 138 069)	(326 914)	(291 798)
XII.	Total assets	48 933 628	38 761 258	12 994 218	9 586 303
XIII.	Amounts due to the Central Bank	-	2 146	-	531
XIV.	Amounts due to other banks	8 988 762	6 617 174	2 386 946	1 636 537
XV.	Amounts due to customers	29 305 716	21 781 894	7 782 069	5 387 024
XVI.	Capital and reserves attributable to the Company's equity holders	3 023 655	2 248 904	802 925	556 191
XVII.	Minority interest	97 216	75 539	25 815	18 682
XVIII.	Share capital	118 256	117 500	31 403	29 060
XIX.	Number of shares	29 564 034	29 374 947	29 564 034	29 374 947
XX.	Book value per share (in PLN/EUR per share)	102.27	76.56	27.16	18.93
XXI.	Diluted book value per share (in PLN/EUR per share)	101.84	76.06	27.04	18.81
XXII.	Capital adequacy ratio	10.41	10.39	10.41	10.39
XXIII.	Earnings per 1 ordinary share (in PLN/EUR per share) (for 3 months)	11.16	5.62	2.90	1.44
XXIV.	Diluted earnings per 1 ordinary share (in PLN/EUR per share) (for 3 months)	11.12	5.58	2.89	1.43
XXV.	Declared or paid dividend per share (in PLN/EUR per share)	-	-	-	-

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

SELECTED FINANCIAL DATA FOR THE BANK		in'000 PLN		in'000 EUR	
		2 quarter 2007 from 01.01.2007 to 30.06.2007	2 quarter 2006 from 01.01.2006 to 30.06.2006	2 quarter 2007 from 01.01.2007 to 30.06.2007	2 quarter 2006 from 01.01.2006 to 30.06.2006
I.	Interest income	818 613	618 708	212 704	158 635
II.	Fee and commission income	272 228	188 430	70 734	48 313
III.	Net trading income	250 613	187 507	65 118	48 076
IV.	Operating profit	509 918	151 621	132 494	38 875
V.	Profit before income tax	509 918	151 621	132 494	38 875
VI.	Net profit (loss)	422 224	119 125	109 708	30 543
VII.	Cash flows from operating activities	(1 396 641)	(1 379 400)	(362 896)	(353 674)
VIII.	Cash flows from investing activities	118 533	(272 386)	30 799	(69 839)
IX.	Cash flows from financing activities	25 831	456 397	6 712	117 019
X.	Net increase / decrease in cash and cash equivalents	(1 252 277)	(1 195 389)	(325 385)	(306 494)
XI.	Total assets	42 371 546	33 941 408	11 251 672	8 394 274
XII.	Amounts due to the Central Bank	-	2 146	-	531
XIII.	Amounts due to other banks	5 488 890	4 353 877	1 457 563	1 076 786
XIV.	Amounts due to customers	30 390 913	24 039 672	8 070 241	5 945 410
XV.	Equity	2 865 667	2 106 236	760 972	520 907
XVI.	Share capital	118 256	117 500	31 403	29 060
XVII.	Number of shares	29 564 034	29 374 947	29 564 034	29 374 947
XVIII.	Book value per share (in PLN/EUR per share)	96.93	71.70	25.74	17.73
XIX.	Diluted book value per share (in PLN/EUR per share)	96.52	71.24	25.63	17.62
XX.	Capital adequacy ratio	10.95	11.62	10.95	11.62
XXI.	Earnings per 1 ordinary share (in PLN/EUR per share) (for 3 months)	14.30	4.08	3.71	1.05
XXII.	Diluted earnings per 1 ordinary share (in PLN/EUR per share) (for 3 months)	14.23	4.05	3.70	1.04
XXIII.	Declared or paid dividend per share (in PLN/EUR per share)	-	-	-	-

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

- for balance sheet items – an exchange rate published by the National Bank of Poland as at 30 June 2007 - 3.7658 and an exchange rate published by the National Bank of Poland as at 30 June 2006 – 4.0434.
- for profit and loss account items – an exchange rate calculated as the arithmetic mean of exchange rates published by the National Bank of Poland as at the end of each month of the first and second quarter 2007 and 2006, 3.8486. and 3.9002 respectively.

Introduction

The profit before tax of the BRE Bank Group was PLN 530.6 million in H1 2007, compared to PLN 249.1 million in H1 2006, up by PLN 281.5 million or 113% year on year. Profitability grew both in continued and discontinued operations. The H1 2007 profit on continued operations was PLN 436.4 million, compared to PLN 230.5 million generated in H1 2006; the profit on discontinued operations was PLN 94.2 million in H1 2007, compared to PLN 18.6 million in H1 2006. The major contribution to discontinued operations in 2007 was the profit on the sale of SAMH at PLN 89 million.

In Q2 2007, positive trends continued in the profitability of the Group, including and Bank and the subsidiaries: the pre-tax profit was PLN 234.7 million, compared to PLN 206.4 million in Q1 2007 (net of the result on the sale of SAMH). The higher income was mainly contributed by income on the core business: net interest income, net commission income, and trading profit, while overhead costs were up modestly quarter on quarter. Credit risk provisions were down quarter on quarter.

The growth in operating income combined with a strict cost discipline helped to improve the BRE Bank Group's profitability and productivity ratios. The ratios improved both year on year and compared to the financial targets.

The Group's profit before tax as a percentage of average annual funds (pre-tax ROE) was 40.7% in H1 2007, compared to 23.6% in H1 2006. The pre-tax ROE excluding the discontinued operations, in particular excluding one-off profit on the sale of SAMH in H1 2007 reached the level of 33.4%. The Group's cost/income ratio of continued operations (CIR measured as overhead costs and amortisation/depreciation to income including net other operating income and cost) was 58% in H1 2007, compared to 65.4% in H1 2006. Including discontinued operations, the ratio was 53.4% in H1 2007 and 64.7% in H1 2006.

The main drivers of the financial results included:

1. Ongoing growth of the loans portfolio and customers' deposits thanks to expansion of retail banking and continued upturn in the corporate loans market, which was decisive to improvement of the balance-sheet structure in terms of the profitability of business. The loans portfolio as a percentage of the balance-sheet total grew to 59.3% in H1 2007 compared to 56.1% in 2006.
2. Continued positive trends in the financial and fx markets, enabling a high trading profit, including the continued high fx profit in the Group's income structure.
3. Significant contribution of the subsidiaries to the Group's results. The profit before tax generated by the Group subsidiaries (including both continued and discontinued operations) totalled PLN 117.6 million, compared to PLN 109.4 million in H1 2006, even though SAMH was excluded from the Group.
4. Strict cost discipline, both at the Bank and the subsidiaries.
5. Continued high quality of the loans portfolio resulting in relatively low credit and loans impairment provisions charged to the costs of the Group.

Macroeconomics in Q2 2007

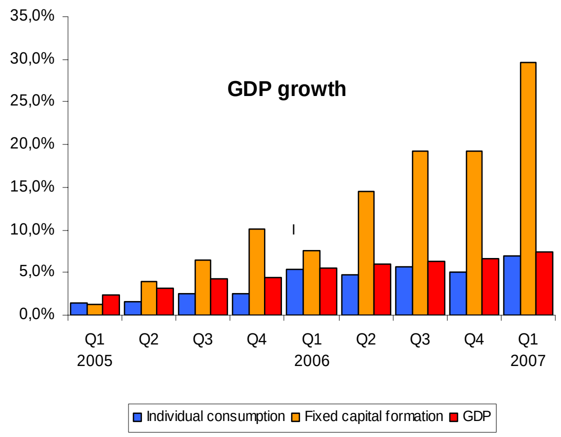
GDP

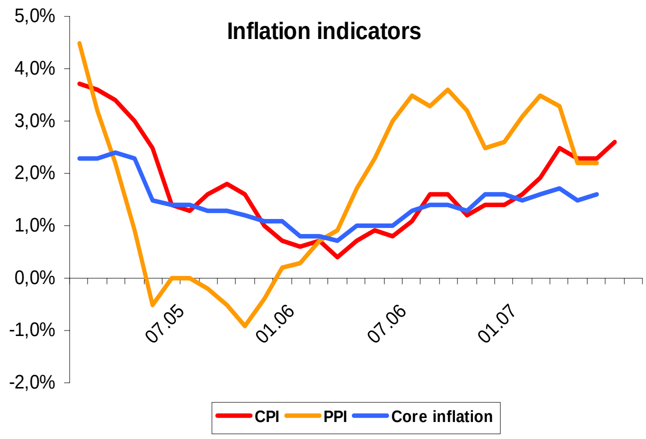
Macroeconomic data confirm that the Polish economy is in a phase of fast sustainable growth. According to estimates of the Polish Statistical Office (GUS), the GDP growth rate was 7.4% in Q1 2007, the highest in close to 10 years. The GDP growth was mainly driven by fast-growing domestic demand, especially a strong growth in fixed assets investments and in private consumption. In Q1 2007, the growth in investments was 29.6%. The high growth in investments was also driven by very favourable weather conditions (mild winter); hence, the growth rate fell modestly in Q2 2007. However, the growth of investments was still accompanied by other factors, including a very good financial position of companies (profits before tax totalled PLN 19 billion in Q1 2007, up by almost 60% year on year), growing absorption of EU funds, very fast inflow of foreign direct investments, and easy access to bank loans. Investments in fixed assets are also driven by fast growing wages and a very high utilisation of the production capacity (84% according to NBP data).

While investments grew so fast, the high GDP growth was in Q1 2007 was mainly driven by the growth in private consumption (up 6.9% year on year). Consumption was mainly driven by a high growth in wages (up 7.1%) and employment (up 3%). Consumption also grew as a function of fast-growing retail sales, up 16.6% in January-February 2007. Household budgets were also supported by growing social benefits, transfers from economic migrants abroad, and some EU funds. Consumption was (and still is) additionally driven by fast growing bank loans. The high growth of private consumptions continued into Q2, as evidenced by fast growing retail sales (up 15.1% in April and 14.8% in May) and sustained high growth in wages and employment (up 9.3% and 4.6%, respectively, in the corporate sector).

As a result of the strong growth in domestic demand, imports also grew more dynamically and the imbalance in foreign trade deepened significantly. According to NBP data, the trade deficit was EUR 5.7 billion in June 2006 –

May 2007, up by more than 2.5 times year on year. Meanwhile, exports grew 17% and imports 20.4%. While the growing trade deficit and negative balance of income were partly offset by the improving balance of services and fast growing current transfers, yet this did not prevent the growth of the current account gap (to approximately 2.7% of GDP). Like in Q4 2006, net exports drove down GDP growth in early 2007. Despite the continued fast growth in consumption, a significant decrease in the growth rate of industrial and construction output observed in monthly figures implies that the estimated GDP growth rate fell to slightly above 6% in Q2 2007.





Labour Market

The labour market continued to improve in Q2 2007. According to GUS, the official unemployment rate fell to 13% in May, down 3.5 percentage points year on year. This suggests that the number of those unemployed fell by approximately 600 thousand. According to preliminary estimates, unemployment fell further to about 12.4% in June. Eurostat data paint an even more positive picture of the labour market. Poland has recorded the fastest year-on-year decrease in the unemployment rate of all EU member states, down from 14.2% to 10.5%. The positive developments on the labour market also include the gradual increase in the number of job vacancies and the falling proportion of young and skilled individuals among those unemployed. While unemployment fell, employment grew fast. Employment in the corporate sector was up 4.6% year on year at the end of June 2007. On the downside, the number of professionally inactive persons grew. The ratio of professional activity was only 53.2% in Q1 2007, down 0.9 percentage point quarter on quarter. As a result of the developments in the labour market, it is increasingly difficult to recruit adequate workforce. According to NBP surveys, the problem became a major barrier to corporate growth in Q2 2007. As a result of changing relations between demand and supply in the labour market, employees are demanding higher wages (for instance, strike and protest actions of health care sector workers) which now grow faster. Average wages in the corporate sector grew 8.4% year on year in Q1 2007. Wages grew the fastest in the construction sector where average wages were up 18% year on year in May 2007.

Inflation and NBP Interest Rates

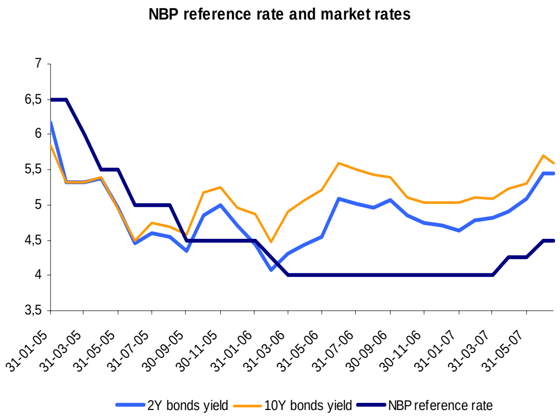
The inflation pressure continued to grow gradually in Q2 2007. The CPI was 2.6% in June, above the NBP inflation target for the first time in 2 years. Inflation was mainly driven by fast growing foodstuff prices (up 4.4% year on year in June) and fuel prices (up 4.1% year on year) as well as the growing cost of housing maintenance (up 3.5% year on year). On the other hand, the prices of clothing and footwear were down significantly year on year (down 7.4%), which suggests that inflation is still mitigated by the globalisation effects. Due to the globalisation effects and the fairly slow growth in controlled prices, net inflation (excluding fuel and foodstuff prices) stabilised at ca. 1.6% in January-May 2007 and grew further only in June (to about 1.9%). While the PPI was down in Q2 (at 2.2% in April and May), yet it is not strongly correlated with the CPI. Reacting to changes in current and expected inflation and other factors indicating a growing threat to price stability, the Monetary Policy Council decided to tighten the monetary policy. After interest rate hikes in April and June (each by 0.25 percentage point), the NBP reference rate was 4.5%. While the first hike was expected, the date of the second raise came as a surprise to most market participants. The official justification of the tightening of the monetary policy was an assessment indicating a mid-term risk of overshooting the inflation target. The Monetary Policy Council members were mainly concerned with changes in the labour market (very fast growth in wages and employment, resulting in a less favourable relationship between growth in wages and growth in productivity) and a very high growth in domestic demand, probably higher than the growth rate of the potential GDP. Due to these factors as well as other drivers of inflation pressure (e.g., fast growth in household loans), the NBP interest rates are expected to rise further in the coming months.

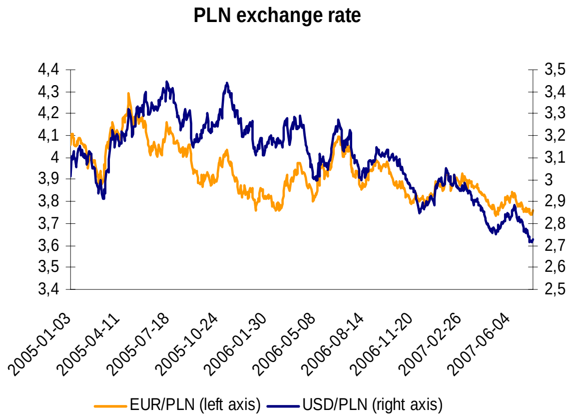
Financial Markets

The Polish currency appreciated further in Q2. The zloty strengthened by ca. 3.7% against the dollar and by ca. 2.7% against the euro. The changes in the exchange rate of the zloty to the dollar mainly followed the changes in the exchange rate of the dollar to the euro. After a significant strengthening of the zloty in April, the currency fell by the same percentage in May and in the first decade of June, but then was back on the appreciation track which continued into the first half of July. The exchange rate of the zloty to the euro was less volatile, but the Polish currency was modestly appreciating as of mid-June.

The good sentiment prevailing in the Polish economy drives record-high economic performance as well as further dynamic growth of stock prices. The WIG-20 index gained nearly 7% in Q2 and remained on the upward track in early July. The stock prices of smaller companies grew even faster in Q2 (the mWIG40 index gained some 20% and the sWIG80 index 25%) but fell several percent in July.

The implementation of this year's State budget is going very well. The deficit was PLN 3.7 billion in H1 2007 or only 12.3% of the annual target. The low deficit is mainly owed to expenditures, much below the target ,as well as tax revenue (especially income taxes), much higher than expected. As a result, the Finance Ministry could reduce significantly the supply of bonds (including cancellation of several auctions) and reduce Treasury bills debt (by approximately PLN 5.7 billion). The reduced borrowing needs did not prevent a fast growth in the yields of Treasury papers. The yield of 2-year bonds grew from less than 4.6% at the end of March to ca. 5.2% at the end of July; the yield of 10-year bonds grew from ca. 5.2% to almost 5.6%. The yield curve flattened. While the growth in the yield by several points in early Q2 could be associated with the expectations of an NBP interest rate hike, the sharp increase after the end of May was mainly driven by changes in the global markets (including the weakening expectations of US interest rate reductions and growing global risk aversion).



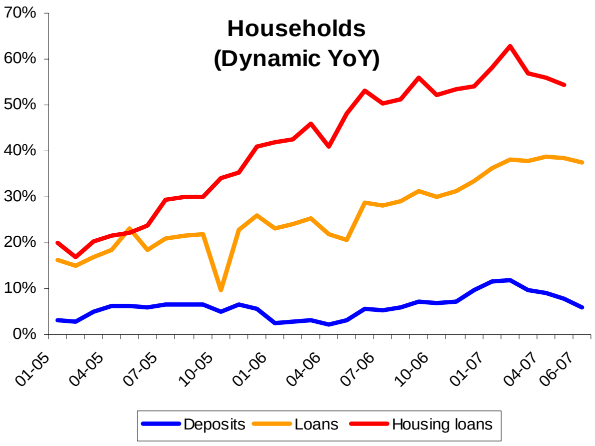


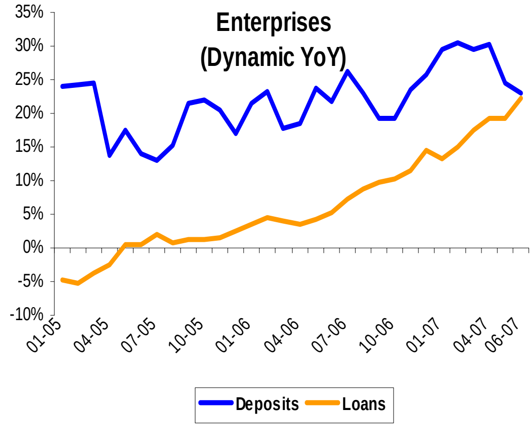
Banking Sector

Loans and advances of banks and other monetary financial institutions grew by PLN 29.6 billion in Q2 2007 or 29.1% year on year. Household loans were still the fastest growing category of loans, but their growth rate started to decline modestly in the past 2 months. At the end of March 2007, total household loans stood at nearly PLN 223 billion, up 37.6% year in year. The growth rate of housing remained very high, though it fell from 62.9% in February 2007 to 54.4% in May. The growth rate of credit card debt also remained high (approximately 40% year on year) even though the volumes remain low. The growth rate of household deposits was falling steadily after February; the rate was only 5.9% year on year at the end of June. The main reason for the dwindling interest in bank deposits is their relatively low return (according to NBP, average interest rates on term deposits were 3.1% in May) and the very strong competition on the part of investment funds. Assets in investment funds were up by more than 40% year to date and stood at an estimated PLN 139 billion at the end of June 2007. Due to the strong disparity between the growth rate of deposits and that of loans, total household assets with banks were only PLN 600 million higher than total household debt to banks at the end of Q2. As a result, in July households will become a net debtor of the banking sector, no longer a traditional supplier of funds used to finance growing loans to other customer segments.

The continued high investment activity had a bearing on further growth in corporate loans which were up 22.2% year on year in June. The growth in corporate deposits in Q2 fell significantly quarter on quarter but remained high year on year (23% in June). Corporate deposits grew by ca. PLN 3.3 billion in Q2 while corporate debt grew by over PLN 10 billion. Total corporate bank deposits (nearly PLN 129 billion) suggest that companies still have a large potential to invest by drawing upon their own funds. According to NBP questionnaire surveys, own corporate funds remain the main source of financing of investments.

Growing interest in loans and other banking services helped to further improve the financial results of the banking sector. The net profit of banks was PLN 3.6 billion in Q1 2007, up by more than 22% year on year.





Key Drivers of the BRE Bank Group's Performance in Q2 2007

Balance Sheet

The BRE Bank Group's balance sheet total was PLN 48.9 billion at 30 June 2007, up 26.2% year on year and up by nearly 7% quarter on quarter.

Credits and loans grew the fastest in nominal terms, by more than PLN 7.3 billion year on year, up 33.6%. High growth was reported for both retail loans, which grew steadily, and corporate loans thanks to an upturn in the corporate loans market. The retail loans portfolio grew almost two-fold while the corporate loans portfolio grew 33.2%.

Very liquid assets (loans and advances to banks, securities available for sale) remained stable, ensuring high safety of the business.

The highest growth by value among the sources of financing was reported in 2007 for amounts due to customers, up by PLN 7.5 billion or over 34.5% year on year, more than the growth in the loans portfolio. This had a positive impact on the relatively lower cost of financing. Credit lines, issues of bonds, and subordinated debt were supplementary sources used to finance the growth in assets in 2007.

Amounts due to other banks grew 35.8% year on year, mainly due to Swiss franc loans extended by Commerzbank in 2006 and used to finance the growing housing loans portfolio mainly in the Swiss franc. As available long-term credit lines grew by ca. PLN 3 billion, financing in the interbank market was reduced significantly (by ca. PLM 0.7 billion).

The share of equity in sources of funding grew from 6% at 30 June 2006 to 6.4% at 30 June 2007.

The capital adequacy ratio was 10.4% at the end of June 2007, compared to 10.39% at the end of June 2006. The ratio was stable mainly due to a significant increase in the BRE Bank Group's equity by the retention of the entire 2006 profit, which also allowed for full utilisation of the subordinated loan as supplementary capital. Positive impact was exerted by a decrease in the Group's intangible fixed assets and the goodwill of subsidiaries, mainly the sale of SAMH. As a result, the Group's equity was PLN 3.5 billion at the end of June 2007, compared to PLN 2.7 billion at the end of June 2006 while the capital requirement grew from PLN 2.1 billion to PLN 2.7 billion respectively.

Profit and Loss Account

The BRE Bank Group generated a profit before tax of PLN 530.6 million in H1 2007, up 113% year on year.

As discontinued operations are shown separately under the pre-tax profit, the individual profit and loss account items are discussed below for continued operations.

The consolidated profit before tax of continued operations grew 89.3% in H1 2007 thanks to nearly all P&L items.

The net interest income grew significantly, by over 41% year on year. It was PLN 468.9 million, compared to PLN 331.3 million in H1 2006. The higher net interest income was possible thanks to high growth both at the Bank and the subsidiaries. The BRE Bank Group's interest margin (net interest income to average interest-earning assets) was 2.3% p.a. in H1 2007, compared to 2.05% p.a. in H1 2006. The net interest income in 2007 was helped by changes in the BRE Bank Group balance sheet structure. A more effective balance sheet structure was possible through a higher contribution of the Retail Banking Line to the Bank's assets and liabilities, as well as a growing portfolio of corporate loans. The growing income from lending and a positive change in the structure of financing enabled a significant growth in net interest income and growing profitability as measured by the interest margin. The Retail Banking Line made the greatest contribution to the net interest income of the BRE Bank Group (up PLN 66.2 million). The net interest income of Corporates and Financial Markets grew by PLN 47.2 million.

The net commission income grew comparably high in nominal terms and even higher in percentage terms, at 57.3%. It remained the second largest item of the Group's income structure at PLN 289.5 million, compared to PLN 184 million in H1 2006. The net commission income grew sharply year on year both at the Bank and the subsidiaries. The Retail Banking Line as well as Corporations reported the highest growth in the net commission income thanks to active investor trading on the Warsaw Stock Exchange, which boosted the income of DI BRE.

Corporations and Financial Markets again made the largest contribution to the net commission income at 66% of the Group's income. Thanks to a high growth at over 216% year on year, the contribution of the Retail Banking Line to the Group's net commission income grew steadily to 32.5% at the end of June 2007.

Trading income at PLN 258.3 million in H1 2007 grew fast, up 31.7% year on year. Trading and Investments made the highest contribution to trading income at 42.4%. Retail Banking (19%) and Corporations and Institutions (38.2%) have a growing share in trading income, the latter mainly thanks to fx margins.

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

Credit and loans impairment provisions were PLN 5.9 million in H1 2007, mainly due to the subsidiaries while the Bank' net credit provisions were positive at PLN 0.2 million. Provisions were released by the Bank due to ongoing improvement of the loans portfolio quality thanks to the good financial standing of companies financed by the Bank and the restructuring and repayment of default loans.

Consolidated overhead costs were up 25.2% or approximately PLN 105.1 million year on year in H1 2007. The highest growth occurred in payroll costs, up PLN 60 million or 26.9% year on year due to business expansion necessitating adequate headcount growth as well as gradually created bonus provisions. Maintenance costs grew 22% or ca. PLN 40.3 million year on year mainly as a result of the expanding branch network and the expansion of business operations of the Bank and the subsidiaries.

Performance of the Business Lines

The results of the BRE Bank Group segments refer to the report covering both continued and discontinued operations under relevant items.

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

Retail Banking and Private Banking

Financial Results

The Retail Banking and Private Banking Line, which was growing the fastest, reported a profit before tax of PLN 126.7 million in H1 2007, compared to PLN 22.6 million in H1 2006. The contribution of the Business Line to the Group's pre-tax profit was up from 9% in 2006 to nearly 24%. Both its net interest income (up 51%) and net commission income (up 216.6%) grew faster than the Group average.

The Business Line's contribution to the Group's total net interest and commission income grew from 28.6% in H1 2006 to 38.1% in 2007.

Thanks to dynamic expansion of the branch network, the Retail Banking Business reported a significant increase in overhead costs, up by approximately 37%, more than the Group's average but much less than the growth rate of income (over 86%).

The significant growth in profit was mainly driven by the dynamic growth in the loans portfolio, mainly the portfolio of mortgage loans carrying a low credit risk (assets up by 77.2% or PLN 5.1 billion year on year), which boosted a sharp growth in net interest and commission income offsetting the ongoing credit margin squeeze.

Customers and Accounts

BRE Bank's Retail Banking (RB: mBank and Multibank) had 1,818 thousand customers at the end of June 2007 (including 1,445.7 thousand at mBank and 371.3 thousand at MultiBank).

The Line acquired 191.9 thousand new customers year to date (157.2 thousand at mBank, 34.7 thousand at MultiBank) and 89.5 thousand customers in Q2 2007 alone (72.1 thousand at mBank, 17.4 thousand at MultiBank).

There were 206.6 thousand microenterprise customers at the end of June (151.2 thousand at mBank, 55.4 thousand at MultiBank). The number of microenterprise customers grew by 21 thousand year to date (16.4 thousand at mBank, 4.6 thousand at MultiBank) and by 9.7 thousand customers in Q2 2007 alone (7.4 thousand at mBank, 2.2 thousand at MultiBank).

The Retail Banking had 2,152.7 thousand accounts at the end of June 2007 (1,921 thousand at mBank, 231.7 thousand at MultiBank). The number of accounts grew by 238.7 thousand year to date (217.9 thousand at mBank, 20.8 thousand at MultiBank) and by 105.8 thousand in Q2 2007 alone (96.4 thousand at mBank, 9.5 thousand at MultiBank). There were 248.2 thousand microenterprise accounts (197.2 thousand at mBank, 55.5 thousand at MultiBank). The number of microenterprise accounts grew by 11.9 thousand in Q2 2007 (9.7 thousand at mBank, 2.2 thousand at MultiBank).

Deposits

The Retail Banking had deposits of PLN 7,952.3 million at the end of June 2007 (PLN 5,914.5 million at mBank, PLN 2,037.8 million at MultiBank). The deposits grew by PLN 884.4 million year to date (PLN 600.9 million at mBank, PLN 283.5 million at MultiBank) and by PLN 39.4 million in Q2 2007 alone (down PLN 15.7 million at mBank, up PLN 55.1 million at MultiBank).

Investment Funds (IF)

BRE Bank's retail customers' assets in investment funds were PLN 2,904.1 million at the end of June 2007 (PLN 2,191.1 million at mBank, PLN 713 million at MultiBank). Investment fund assets grew by PLN 1,316.3 million year to date (PLN 975.9 million at mBank, PLN 340.4 million at MultiBank) and by PLN 902.3 million in Q2 2007 alone (PLN 662.5 million at mBank, PLN 239.8 million at MultiBank).

Loans

Balance-sheet retail loans were PLN 10,685.5 million at the end of June 2007 (PLN 4,182.9 million at mBank, PLN 6,502.6 million at MultiBank). Retail loans grew by PLN 2,454.7 million in year to date (PLN 1,139.7 million at mBank, PLN 1,315 million at MultiBank) and by PLN 1,105.3 million in Q2 2007 alone (PLN 530.3 million at mBank, PLN 574.9 million at MultiBank).

Loans Portfolio Structure:

- mBank: 86.5% mortgage loans (PLN 3,566.4 million), 5.5% credit lines (PLN 229.7 million), 3.8% credit cards (PLN 159.2 million), 4.7% other (PLN 227.4 million);
- MultiBank: 84.9% mortgage loans (PLN 5,522.2 million), 6.1% credit lines (PLN 398.4 million), 1.6% credit cards (PLN 104.2 million), 7.4% other (PLN 477.8 million).

The Retail Banking balance-sheet mortgage loans were PLN 9,088.6 million at the end of June 2007 (mBank PLN 3,566.4 million, MultiBank PLN 5,522.2 million). The Retail Banking balance-sheet mortgage loans grew by PLN 2,053.7 million in year to date (PLN 943.2 million at mBank, PLN 1,110.5 million at MultiBank) and by PLN 860.1 million in Q2 2007 alone (PLN 407.1 million at mBank, PLN 453 million at MultiBank). Retail mortgage loans were PLN 8,696.5 million at the end of June 2007 (PLN 3,553.9 million at mBank, PLN 5,142.6 million at MultiBank). FX loans (mainly CHF) were 80% of balance-sheet mortgage loans (84.8% at mBank, 76.4% at MultiBank).

Retail Mortgage Loans - RB	***Total***	***PLN***	***FX***
Balance-sheet value (PLN bn)	8.7	1.5	7.2
Average maturity (years)	23.1	20.7	23.6
Average value (PLN'000)	165.7	189.7	164.0
Average LTV (%)	63.83%	57.39%	65.01%
NPL (%)	**0.4%**	**1.4%**	**0.2%**

Microenterprise loans were PLN 967 million at the end of June 2007 (PLN 94.6 million at mBank, PLN 872.4 million at MultiBank), 40.5% of which were mortgage loans (13.2% at mBank, 43.5% at MultiBank).

Cards

There were 194.7 thousand credit cards issued by the end of June 2007 (122.5 thousand at mBank, 72.7 thousand at MultiBank), up 43 thousand year to date (30.7 thousand at mBank, 12.3 thousand at MultiBank) and up 21.3 thousand in Q2 2007 alone (14.5 thousand at mBank, 6.8 thousand at MultiBank).

There were 1,231.4 thousand debit cards issued by the end of June 2007 (928.2 thousand at mBank, 303.2 thousand at MultiBank), up 87.6 thousand in Q2 2007 (68.9 thousand at mBank, 18.6 thousand at MultiBank).

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

Corporations and Financial Markets

Financial Results

The business segment which covers lending and investment banking products sold to corporate customers generated a profit before tax of PLN 313.6 million in H1 2007. The segment made the largest contribution to the Group's profit at 59.1%. Nearly all profit components improved year on year but the core business grew the most. The profit was up PLN 126.9 million year on year. This was helped by ongoing positive sales trends, the improving quality of the loans portfolio, and high productivity.
Both assets (Corporations and Financial Markets assets up 12.9% from PLN 35.3 billion to PLN 39.9 billion) and liabilities (liabilities up 20.5% from PLN 32.2 billion to PLN 38.8 billion) grew significantly in H1 2007. The dynamic growth of business was mainly reflected in the high net interest income (PLN 281 million) and net commission income (PLN 191.5 million). The ongoing positive trends in financial and fx markets enabled an equally high trading profit (PLN 208.2 million) including fx transactions and profit on fx financial instruments.

The contribution of Corporations and Financial Markets subsidiaries to the segment's profit remained high (including the cost of financing and consolidation adjustments) at ca. 27%. The largest contributions came from DI BRE, BRE Leasing Sp. z o.o., BRE Bank Hipoteczny S.A., and Intermarket Bank AG.

The Corporations and Financial Markets segment includes sub-segments: Corporate Customers and Institutions which covers the key area of customer relations, and Trading and Investments, the area of liquidity and risk management.

Corporate Customers and Institutions

Financial Results

The profit before tax at PLN 230.6 million generated in H1 2007 was up by approximately PLN 83.6 million year on year, mainly thanks to a higher income on the core business. Particularly high year-on-year growth was reported for net interest income (up by ca. PLN 47 million) due to a strong growth in lending. In addition, credit risk provisions charged were down year on year while the growth in costs was relatively low, helping the productivity of business.

The contribution to the profit of Corporations and Financial Markets remained high at 73.6% as a result of a growing share of reiterative customer transactions in the Group's results.

Corporate Customers

The Bank's very active customer acquisition produced positive results in H1 2007. BRE Bank acquired 1,219 new corporate customers year to date, 6.3% more than in H1 2006. The net change in the number of customers was 570, of which 79% were K3 customers and 21% K2 customers. There were 12,012 corporate customers at the end of June 2007. The share of customers who bought service packages was 53.2% of all segment K3 customers at the end of June 2007.

Corporate Banking Line Customers

	31.12.2006	*31.12.2006***	*30.06.2007*	*Change*
*K1**	951	969	979	10
*K2**	3 517	3 470	3 589	119
*K3**	6 974	7 003	7 444	441
Total	11 442	11 442	11 658	570

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

Corporate Customers Deposits

BRE Bank's corporate customers' deposits (including deposits of enterprises) were PLN 19.7 billion at the end of June 2007, up PLN 3.5 billion year to date. Deposits of enterprises were PLN 12.9 billion at the end of June, up PLN 2.2 billion year to date. The market share of BRE Bank's corporate deposits was 10.1%, compared to 8.6% in December 2006.

Corporate Customers Loans

BRE Bank's loans granted to corporate customers (including enterprises) were PLN 11.8 billion at the end of June 2007, up PLN 2.6 billion year to date (including PLN 0.45 billion of a large exposure to a public sector institution).

Loans to enterprises were PLN 10.1 billion, up PLN 1.7 billion year to date and up PLN 1.4 billion year on year. The market share of BRE Bank's loans granted to corporate customers was 6.3% at the end of June 2007, compared to 5.9% at the end of 2006.

Strategic Product Lines

Cash Management

Ongoing expansion of the cash management service supports long-term customer relationships and helps to grow the volume of transactions involving the identification of payments (direct debits, identification of mass payments, identification of trade payments). The number of *direct debits* processed in H1 2007 was 890 thousand, up 43% year on year. The number of *identifications of mass payments* processed in Q2 2007 was nearly 46.5 million, up 1.4% year on year. The number of *identifications of trade payments* grew the most. In Q2 2007, there were nearly 2 million transactions, up 74.5% year on year.

Banking Products with EU Financing

BRE Bank's growing position in financing investments supported by EU funding helped to grow the volume of sold banking products with EU financing (commitments, loans, guarantees). The sales of products including EU co-financing in H1 2007 were up by more than 3.5 times year on year and amounted to 106% of the 2006 annual sales.

Trade Finance

The iBRE system functionality was expanded to include submission of customer orders and exchange of information concerning documentary import letters of credit. The iBRE functionality will also cover other trade finance products including exports letters of credit, documentary collections, guarantees, and some discounting products.

Financial Instruments

The profit on the sales of financial instruments to corporate customers was PLN 76.8 million in H1 2007, up 8.6% year on year.

Corporate Branch Network Expansion

In H1 2007, BRE Bank continued to optimise and rearrange the corporate branch network in order to develop new branch functions and to launch business offices as sales units of the existing branch network. The Łódź Corporate Branch was refurbished; a Toruń Business Office was opened. The refurbishment of the Wrocław and Kalisz Branches will soon be complete.

BRE Leasing

Leasing contracts executed by BRE Leasing in H1 2007 totalled PLN 1.5 billion (up 34% year on year). BRE Leasing generated a pre-tax profit of PLN 25.3 million in H1 2007, up by nearly 94% year on year.

Factoring: The Intermarket Group

The sales of the Intermarket Group companies totalled EUR 2.6 billion year to date by the end of June 2007, up 16% year on year. The pre-tax profit of the companies was PLN 25.9 million, up 6% year on year. The Polish company Polfactor's sales were PLN 1.7 billion, up 26% year on year. Its pre-tax profit was PLN 5.6 million in H1 2007, up 4% year on year.

BRE Bank Hipoteczny (BBH)

BBH's loans portfolio was PLN 3.7 billion at the end of June 2007, up 22.2% year on year. BBH's profit before tax was PLN 17.5 million, at the pre-tax profit target.

Dom Inwestycyjny BRE Banku SA (DI BRE)

DI BRE's market share in options trading was over 26%. The company ranked second with a 12.1% share in the ranking of the most active brokers in the future contracts market in H1 2007. DI BRE retained its high share in equities trading: it handled 6.85% of all equities transactions in H1 2007 vs 5.8% in H1 2006 and 6.11% in the entire 2006. The company's pre-tax profit was PLN 30.9 million in H1 2007 (up 130% year on year). DI BRE was ranked the third best brokerage house in Poland by PARKIET newspaper.

Trading and Investments

Financial Results

The profit before tax at PLN 82.9 million generated in H1 2007 was much higher than in H1 2006 (PLN 39.6 million). The net interest income was up PLN 20 million and the trading profit was up by ca. PLN 19 million year on year.

The profit was comparable and stable in both quarters of H1 2007, while the profitability decreased temporarily in Q2 2006.

The results of the area were mainly generated by the Bank while the subsidiaries had a minor contribution to the profit.

Market Position

BRE Bank is ranked first on the bank bonds market (37.0% market share), second on the short-term debt securities (16.6% market share) and on the corporate bonds market. Moreover, BRE Bank was again ranked first in the T-bonds and bills Dealer Ranking organized by the Ministry of Finance (ranking comprises IQ2007).

Thanks to its active presence on the financial markets, the Bank's market share in interest rate derivative instruments was 18.6% and in trading in Treasury bonds and bills 14.5%. Its share in spot and forward fx transactions was 6.8% and in WIG-20 index options 17% (at the end of May 2007).

In the NBP Dealer Activity Index (IAD) ranking covering all banks in Poland which apply for the Money Market Dealer function, in 2006 BRE Bank ranked first in two categories:

- OIS market;
- FRA and IRS market.

BRE Bank's position reflects the Bank's share in the trading of the Polish interbank market; its first rank means that the Bank's portfolio is the largest. The NBP ranking is used to select the most active and professional banks as Money Market Dealers with the exclusive right to participate in auctions of government securities.

Proprietary Investments Portfolio

At the end of Q2 2007, the proprietary investments portfolio stood at PLN 278 million at cost. Compared to the beginning of 2007 the value of portfolio has changed insignificantly (down by 0.05%). Compared to the end of Q1 2007, the value of portfolio at cost decreased by PLN 16.3 million (down by 5.5%). It was connected with the sale of shares in RES Sp. z o.o. The book value of the proprietary investments portfolio increased, compared to the end of Q1, by PLN 153 million, because of revaluation of Vectra shares value at the end of June. This revaluation has been booked against capital, not profit.

Companies

BRE Corporate Finance

During Q2 2007 BRE Corporate Finance confirmed its high position in execution of medium size deals in the area of M&A advisory as well as on the public market transactions. Six M&A transactions were completed. The most significant were:

- ✓ sale of 100% of shares of three IT companies to the strategic investor Netia SA
- ✓ sale of 51% stake of shares of FIN SA

Moreover, BRE Corporate Finance together with z DI BRE completed four transactions on the public market, including two IPOs - ERBUD SA and Komputronik at the total amount of PLN 232 million.

The company observed growing clients' needs for specified corporate finance advisory services and increase of number of smaller projects related to execution of *due diligence*, valuations, *fairness opinions*, etc.

In the 1H2007 BRE Corporate Finance completed seven M&A transactions and eight transactions on the public market, including three IPOs.

The company's sales were PLN 6.4 million in 1H2007 and increased by 250% comparing to 1 H2006. Gross profit amounted to PLN 1.05 million. BRE Corporate Finance was ranked the first advisor in IPO transactions in Poland by PARKIET newspaper.

Asset Management

Financial Results

In the presentation of the consolidated profit and loss account, this business is shown as discontinued operations at the pre-tax profit level and includes the profit on the sale of the subsidiary SAMH and the profit of the subsidiary

PTE held for sale. In segment reporting, this business is shown under individual P&L items including intra-Group transactions.

According to the internal reporting format, the segment reported a pre-tax profit of PLN 85.6 million in H1 2007, compared to PLN 10.3 million in H1 2006. The growth in the operating profit of the business segment was mainly owed to the sale of SAMH. The Bank sold SAMH to Polish Enterprise Fund V at a pre-tax profit of ca. PLN 89 million on 8 January 2007.

On 29 June 2007, BRE Bank and Aegon Woningen Nova B.V. entered into the PTE Ergo Hestia and PTE Skarbiec-Emerytura Merger Agreement and the Option Agreement. Upon currently still pending regulatory consent, the merger would take place through a take-over of the assets of PTE Skarbiec-Emerytura by PTE Ergo Hestia. The Option Agreement entitled both Parties to buy/sell all shares of the merged issue held by BRE Bank following the merger.

Quality of the Loans Portfolio

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

The default ratio for the risk portfolio under IAS 39 and IAS 37 was 2.8% at the end of 2006, 2.5% at the end of Q1 2007, and 2.2% at the end of Q2 2007.

The default ratio for the balance-sheet credit risk portfolio (credit receivables less interest) was 3.4% at the end of Q2 2007 (down from 4.4% at the end of 2006 and 3.8% at the end of Q1 2007).

The quality of the balance-sheet credit risk portfolio under the Polish Accounting Standards (rating of loans under the Regulation of the Finance Minister dated 10 December 2003) at the end of Q2 2007 also improved. Irregular loans were 4.4% of the balance-sheet credit risk portfolio, compared to 5.5% at the end of 2006 and 8.5% at the end of 2005. The ratio for the entire credit risk portfolio was 3.8% at the end of Q2 2007, 4.0% at the end of 2006, and 5.4% at the end of 2005.

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

The main factor of improvement in the quality of the credit risk portfolio in Q2 2007 was a significant growth in the loan portfolio. In addition, the financial standing of companies financed by the Bank improved considerably, restructuring was enforced, and default loans were repaid. This helped to keep the nominal default portfolio stable while new exposures were rated as default.

The ratio of provisions to default credit exposure grew from 73.2% at the end of 2006 to 75.8% at the end of Q2 2007 for the whole credit risk portfolio, and from 78.2% to 80% for the balance-sheet portfolio.

As the credit risk portfolio grew, the impairment provision (IBNR) for the non-default portfolio grew modestly and was PLN 117 million at the end of Q2 2007, compared to PLN 112 million at the end of 2006. The impairment provision grew relatively little (compared to the growth in the portfolio) due to improving quality of the portfolio as demonstrated by the improvement in credit rating and the reduced PD (probability of default) of particular credit ratings.

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

Consolidated Profit and Loss Account

Consolidated Profit and Loss Account from 1 January 2007 to 30 June 2007 and from 1 January 2006 to 30 June 2006

	Note	IInd Quarter (curent year) from 01.04.2007 to 30.06.2007	IInd Quarter (curent year) from 01.01.2007 to 30.06.2007	IInd Quarter (previous year) from 01.04.2006 to 30.06.2006	IInd Quarter (previous year) from 01.01.2006 to 30.06.2006
Continued operations					
Interest income		540 539	1 039 001	386 888	789 588
Interest expense		(299 145)	(570 071)	(226 111)	(458 315)
Net interest income	5	**241 394**	**468 930**	**160 777**	**331 273**
Fee and commission income		204 354	386 075	139 441	265 187
Fee and commission expense		(57 723)	(96 587)	(44 919)	(81 188)
Net fee and commission income	6	**146 631**	**289 488**	**94 522**	**183 999**
Dividend income	7	2 159	2 159	4 513	5 024
Net trading income, including:	8	144 908	258 282	106 881	196 104
Foreign exchange result		*109 050*	*208 443*	*99 184*	*184 690*
Other trading income		*35 858*	*49 839*	*7 697*	*11 414*
Gains less losses from investment securities	9	106	7 161	1 739	10 201
Other operating income	10	35 762	76 928	94 564	146 917
Impairment losses on loans and advances	11	1 078	(5 866)	(10 216)	(32 792)
Overhead costs	12	(276 580)	(521 919)	(210 928)	(416 808)
Amortization and depreciation		(45 402)	(88 344)	(40 166)	(80 420)
Other operating expenses	13	(19 208)	(50 413)	(72 326)	(112 896)
Operating profit		**230 848**	**436 406**	**129 360**	**230 602**
Share of profit of associates		-	-	(25)	(112)
Profit before income tax from continued operations		**230 848**	**436 406**	**129 335**	**230 490**
Income tax expense		(43 217)	(90 949)	(29 235)	(52 155)
Net profit (loss) from continued operations including minority interest		**187 631**	**345 457**	**100 100**	**178 335**
Discontinued operations	19				
Profit before income tax from discontinued operations		**3 891**	**94 199**	**10 276**	**18 629**
Income tax expense		(925)	(20 037)	(862)	(2 474)
Net profit (loss) from discontinued operations including minority interest		**2 966**	**74 162**	**9 414**	**16 155**
Net profit (loss) from continued and discontinued operations including minority interest, of which:		**190 597**	**419 619**	**109 514**	**194 490**
Net profit (loss) attributable to minority interest		9 469	15 753	8 016	14 091
Net profit (loss)		**181 128**	**403 866**	**101 498**	**180 399**
Net profit (loss) from continued operations attributable to the Company's equity holders (for 6 months)		**-**	**329 704**	**-**	**164 244**
Weighted average number of ordinary shares	14	**-**	**29 535 896**	**-**	**29 220 150**
Earnings per 1 ordinary share from continued operations (in PLN per share)	14	**-**	**11.16**	**-**	**5.62**
Weighted average number of ordinary shares for diluted earnings	14	**-**	**29 661 994**	**-**	**29 412 575**
Diluted earnings per 1 ordinary share from continued operations (in PLN per share)	14	**-**	**11.12**	**-**	**5.58**

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

Consolidated Balance Sheet

Consolidated Balance Sheet as at 30 June 2007, 31 December 2006 and 30 June 2006

	Note	30.06.2007	31.12.2006	30.06.2006
ASSETS				
Cash and balances with Central Bank		2 562 731	3 716 607	1 137 810
Debt securities eligible for rediscounting at the Central Bank		34 005	26 725	25 161
Loans and advances to banks		2 362 298	2 844 124	3 649 387
Trading securities	15	3 847 054	3 516 149	3 244 158
Derivative financial instruments		1 611 801	1 413 065	1 782 352
Loans and advances to customers	16	29 019 502	23 044 694	21 726 944
Investment securities	17	3 990 984	3 055 516	2 860 147
- Available for sale		3 990 984	3 055 516	2 860 147
Non-current assets held for sale	19	324 106	385 194	317 021
Pledged assets	15, 17	3 319 230	2 702 180	2 470 060
Investments in associated undertakings		4 017	5 356	5 640
Intangible assets		372 955	381 111	412 319
Tangible fixed assets		591 243	580 108	561 382
Deferred income tax assets		84 988	65 112	94 861
Other assets		808 714	594 640	474 016
Total assets		**48 933 628**	**42 330 581**	**38 761 258**
EQUITY AND LIABILITIES				
Amounts due to the Central Bank		-	-	2 146
Amounts due to other banks		8 988 762	7 972 386	6 617 174
Derivative financial instruments and other trading liabilities		1 559 834	1 253 900	1 554 866
Amounts due to customers	18	29 305 716	24 669 856	21 781 894
Debt securities in issue		3 503 245	3 389 559	4 388 645
Subordinated liabilities		1 473 771	1 547 354	1 494 224
Other liabilities		801 083	759 799	497 806
Current income tax liabilities		10 995	20 047	10 115
Provisions for deferred income tax		100 962	312	207
Provisions		58 071	70 168	83 227
Libilities held for sale	19	10 318	25 001	6 511
Total liabilities		**45 812 757**	**39 708 382**	**36 436 815**
Equity				
Capital and reserves attributable to the Company's equity holders		**3 023 655**	**2 530 766**	**2 248 904**
Share capital:		**1 503 744**	**1 496 946**	**1 477 157**
- Registered share capital		118 256	118 064	117 500
- Share premium		1 385 488	1 378 882	1 359 657
Other capital and reserves		**88 869**	**5 110**	**(19 912)**
Retained earnings:		**1 431 042**	**1 028 710**	**791 659**
- Profit (loss) from the previous year		1 027 176	607 452	611 260
- Profit (loss) for the current year		403 866	421 258	180 399
Minority interest		**97 216**	**91 433**	**75 539**
Total equity		**3 120 871**	**2 622 199**	**2 324 443**
Total equity and liabilities		**48 933 628**	**42 330 581**	**38 761 258**
Capital adequacy ratio		**10.41**	**10.39**	**10.39**
Book value		**3 023 655**	**2 530 766**	**2 248 904**
Number of shares		**29 564 034**	**29 516 035**	**29 374 947**
Book value per share (in PLN)		**102.27**	**85.74**	**76.56**
Diluted number of shares		**29 690 132**	**29 690 132**	**29 567 372**
Diluted book value per share (in PLN)		**101.84**	**85.24**	**76.06**

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

Statements of changes in consolidated equity

Changes in equity from 1 January 2007 to 30 June 2007

Changes in consolidated equity from 1 January 2007 to 30 June 2007	Share capital		Other capital and reserves	Retained earnings					Minority interest	Total
	Registered share capital	Share premium		Other supplementary capital	Other reserve capital	General risk fund	Profit (loss) from the previous year	Profit (loss) for the current year		
Equity as at 1 January 2007	**118 064**	**1 378 882**	**5 110**	**9 451**	**20 899**	**558 000**	**440 360**	**-**	**91 433**	**2 622 199**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2007	**118 064**	**1 378 882**	**5 110**	**9 451**	**20 899**	**558 000**	**440 360**	**-**	**91 433**	**2 622 199**
Net change in investments available for sale, net of tax	-	-	86 607	-	-	-	-	-	-	86 607
Net change in cash flow hedges, net of tax	-	-	-	-	-	-	-	-	-	-
a) increase	-	-	-	-	-	-	-	-	-	
b) decrease	-	-	-	-	-	-	-	-	-	
Currency translation differences	-	-	(2 848)	-	-	-	-	-	(1 194)	(4 042)
Net profit not recognised in the profit & loss account	**-**	**-**	**83 759**	**-**	**-**	**-**	**-**	**-**	**(1 194)**	**82 565**
Net profit (loss)	-	-	-	-	-	-	-	403 866	15 753	**419 619**
Total profit recognised in current year	**-**	**-**	**83 759**	**-**	**-**	**-**	**-**	**403 866**	**14 559**	**502 184**
Dividends paid	-	-	-	-	-	-	-	-	(6 359)	(6 359)
Transfer to General Banking Risk Fund	-	-	-	-	-	-	-	-	-	-
Transfer to reserve capital	-	-	-	-	8 481	-	(8 481)	-	-	-
Transfer to supplementary capital	-	-	-	278 576	-	-	(278 576)	-	-	-
Loss coverage with reserve capital	-	-	-	-	-	-	-	-	-	-
Loss coverage with supplementary capital	-	-	-	-	-	-	-	-	-	-
Issue of shares	192	4 424	-	-	-	-	-	-	-	4 616
Redemption of shares	-	-	-	-	-	-	-	-	-	-
Purchase/sale of own shares	-	-	-	-	-	-	-	-	-	-
Issue expenses	-	-	-	-	-	-	-	-	-	-
Additional shareholder payments	-	-	-	-	-	-	-	-	(2 417)	(2 417)
Change in the scope of consolidation	-	-	-	-	-	-	-	-	-	-
Increase of share in consolidated company	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-
Stock option program for employees	**-**	**2 182**	**-**	**-**	**(1 534)**	**-**	**-**	**-**	**-**	**648**
- value of services provided by the employees	-	-	-	-	648	-	-	-	-	648
- settlement of exercised options	-	2 182	-	-	(2 182)	-	-	-	-	-
Equity as at 30 June 2007	**118 256**	**1 385 488**	**88 869**	**288 027**	**27 846**	**558 000**	**153 303**	**403 866**	**97 216**	**3 120 871**

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

Changes in equity from 1 January 2006 to 31 December 2006

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

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

Changes in equity from 1 January 2006 to 30 June 2006

Changes in consolidated equity from 1 January 2006 to 30 June 2006	Share capital		Other capital and reserves	Retained earnings					Minority interest	Total
	Registered share capital	Share premium		Other supplementary capital	Other reserve capital	General risk fund	Profit (loss) from the previous year	Profit (loss) for the current year		
Equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 975)**	**-**	**(4 304)**	**558 000**	**60 675**	**-**	**73 231**	**2 108 470**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 975)**	**-**	**(4 304)**	**558 000**	**60 675**	**-**	**73 231**	**2 108 470**
Net change in investments available for sale, net of tax	-	-	**(20 885)**	-	-	-	-	-	-	**(20 885)**
Net change in cash flow hedges, net of tax	-	-	313	-	-	-	-	-	312	625
a) increase	-	-	**313**	-	-	-	-	-	**312**	**625**
b) decrease	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	**3 635**	-	-	-	-	-	**1 635**	**5 270**
Net profit not recognised in the profit & loss account	-	-	**(16 937)**	-	-	-	-	-	**1 947**	**(14 990)**
Net profit (loss)	-	-	-	-	-	-	-	**180 399**	**14 091**	**194 490**
Total profit recognised in current year	-	-	**(16 937)**	-	-	-	-	**180 399**	**16 038**	**179 500**
Dividends paid	-	-	-	-	-	-	-	-	(6 029)	**(6 029)**
Transfer to General Banking Risk Fund	-	-	-	-	-	-	-	-	-	-
Transfer to reserve capital	-	-	-	-	33 079	-	(33 079)	-	-	-
Transfer to supplementary capital	-	-	-	8 614	-	-	(8 614)	-	-	-
Loss coverage with reserve capital	-	-	-	-	-	-	-	-	-	-
Loss coverage with supplementary capital	-	-	-	-	-	-	-	-	-	-
Issue of shares	1 564	48 920	-	-	-	-	-	-	-	**50 484**
Redemption of shares	-	-	-	-	-	-	-	-	-	-
Purchase/sale of own shares	-	-	-	-	-	-	-	-	-	-
Issue expenses	-	-	-	-	-	-	-	-	-	-
Additional shareholder payments	-	-	-	-	-	-	-	-	(1 493)	**(1 493)**
Change in the scope of consolidation	-	-	-	-	-	-	(918)	-	(6 208)	**(7 126)**
Increase of share in consolidated company	-	-	-	-	-	-	-	-	-	-
Other changes	-	(160)	-	156	(467)	-	2	-	-	**(469)**
Stock option program for employees	**-**	**2 990**	**-**	**-**	**(1 884)**	**-**	**-**	**-**	**-**	**1 106**
- value of services provided by the employees	-	-	-	-	1 106	-	-	-	-	**1 106**
- settlement of exercised options	-	2 990	-	-	(2 990)	-	-	-	-	-
Equity as at 30 June 2006	**117 500**	**1 359 657**	**(19 912)**	**8 770**	**26 424**	**558 000**	**18 066**	**180 399**	**75 539**	**2 324 443**

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

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement for the period from 01 January to 30 June 2007 and the period from 01 January to 30 June 2006

	From 01.01.2007 to 30.06.2007	From 01.01.2006 to 30.06.2006
A. Cash flow from operating activities - indirect method	**(2 080 747)**	**(1 689 868)**
Profit before income tax	**530 605**	**249 119**
Adjustments:	***(2 611 352)***	***(1 938 987)***
Income taxes paid (negative amount)	(46 779)	10 185
Amortisation	88 543	81 287
Foreign exchange gains (losses)	(75 789)	90 435
Gains (losses) on investing activities	(86 011)	(6 362)
Impairment of financial assets	-	1 308
Dividends received	(1 252)	(550)
Interest paid	522 475	511 459
Change in loans and advances to banks	(12 797)	(207 490)
Change in trading securities	(577 738)	1 309 448
Change in derivative financial instruments	(198 736)	(521 095)
Change in loans and advances to customers	(5 974 808)	(4 324 336)
Change in investment securities	(877 832)	(1 717 336)
Change in other assets	(21 003)	64 718
Change in amounts due to other banks	289 960	1 557 845
Change in financial instruments and other trading liabilities	305 934	283 776
Change in amounts due to customers	4 140 107	692 400
Change in debt securities in issue	(82 764)	313 424
Change in provisions	(10 539)	(8 916)
Change in other liabilities	7 677	(69 187)
Net cash from operating activities	**(2 080 747)**	**(1 689 868)**
B.Cash flows from investing activities	**46 435**	**(230 379)**
Investing activity inflows	**169 863**	**18 868**
Disposal of shares in associates	-	10 944
Disposal of shares in subsidiaries, net of cash disposed	165 305	2 596
Proceeds from sale of intangible assets and tangible fixed assets	3 306	3 690
Other investing inflows	1 252	1 638
Investing activity outflows	**123 428**	**249 247**
Acquisition of associates	-	38
Acquisition of subsidiaries, net of cash acquired	26 953	144 775
Purchase of intangible assets and tangible fixed assets	73 600	62 957
Other investing outflows	22 875	41 477
Net cash used in investing activities	**46 435**	**(230 379)**
C. Cash flows from financing activities	**776 149**	**782 178**
Financing activity inflows	**4 855 572**	**5 027 876**
Proceeds from loans and advances from other banks	942 633	1 725 671
Proceeds from other loans and advances	-	140 431
Issue of debt securities	2 931 394	3 111 290
Increase of subordinated liabilities	968 440	-
Issue of ordinary shares	4 616	50 484
Other financing inflows	8 489	-
Financing activity outflows	**4 079 423**	**4 245 698**
Repayments of loans and advances from other banks	213 235	1 211 580
Repayments of other loans and advances	9 833	24 910
Redemption of debt securities	2 743 433	2 867 307
Decrease of subordinated liabilities	967 075	-
Dividends and other payments to shareholders	9 243	5 273
Other financing outflows	136 604	136 628
Net cash from financing activities	**776 149**	**782 178**
Net increase / decrease in cash and cash equivalents (A+B+C)	**(1 258 163)**	**(1 138 069)**
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	(5 985)	15 001
Cash and cash equivalents at the beginning of the reporting period	9 082 846	8 163 420
Cash and cash equivalents at the end of the reporting period	**7 818 698**	**7 040 352**

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

BRE Bank SA Stand Alone Financial Statements

1. Profit and Loss Account

Profit and Loss Account from 1 January 2007 to 30 June 2007 and from 1 January 2006 to 30 June 2006

	II Quarter (curent year) from 01.04.2007 to 30.06.2007	II Quarters cumulative (curent year) from 01.01.2007 to 30.06.2007	II Quarter (previous year) from 01.04.2006 to 30.06.2006	II Quarters cumulative (previous year) from 01.01.2006 to 30.06.2006
Interest income	427 818	818 613	299 035	618 708
Interest expense	(245 284)	(461 937)	(183 655)	(375 788)
Net interest income	**182 534**	**356 676**	**115 380**	**242 920**
Fee and commission income	140 337	272 228	98 274	188 430
Fee and commission expense	(47 923)	(78 981)	(37 656)	(65 859)
Net fee and commission income	**92 414**	**193 247**	**60 618**	**122 571**
Dividend income	30 395	37 558	21 155	23 329
Net trading income	140 010	250 613	103 268	187 507
Foreign exchange result	*108 244*	*206 456*	*98 102*	*170 219*
Other trading income	*31 766*	*44 157*	*5 166*	*17 288*
Gains less losses from investment securities	25 337	135 787	948	9 387
Other operating income	5 269	18 549	6 591	19 103
Impairment losses on loans and advances	(736)	163	(4 398)	(22 567)
Overhead costs	(207 580)	(402 947)	(164 872)	(331 046)
Amortization and depreciation	(36 096)	(70 539)	(33 243)	(66 686)
Other operating expenses	(4 380)	(9 189)	(29 446)	(32 897)
Operating profit	**227 167**	**509 918**	**76 001**	**151 621**
Profit before income tax	**227 167**	**509 918**	**76 001**	**151 621**
Income tax expense	(32 641)	(87 694)	(17 824)	(32 496)
Net profit (loss)	**194 526**	**422 224**	**58 177**	**119 125**

Net profit (loss)		**422 224**		**119 125**
Weighted average number of ordinary shares		**29 535 896**		**29 220 150**
Earnings per 1 ordinary share (in PLN per share)		**14.30**		**4.08**
Weighted average number of ordinary shares for diluted earnings		**29 661 994**		**29 412 575**
Diluted earnings per 1 ordinary share (in PLN per share)		**14.23**		**4.05**

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

2. Balance Sheet

Balance Sheet as at 30 June 2007, 31 December 2006 and 30 June 2006

as at	30.06.2007	31.12.2006	30.06.2006
ASSETS			
Cash and balances with Central Bank	2 555 019	3 710 737	1 131 324
Debt securities eligible for rediscounting at the Central Bank	34 005	26 725	25 161
Loans and advances to banks	2 424 084	3 003 226	3 800 103
Trading securities	4 008 700	3 519 954	3 370 081
Derivative financial instruments	1 611 247	1 411 030	1 785 319
Loans and advances to customers	22 752 668	17 689 756	16 697 206
Investment securities	4 665 676	2 957 221	2 776 200
- Available for sale	4 665 676	2 957 221	2 776 200
Non-current assets held for sale	335 819	361 855	310 510
Pledged assets	2 530 750	2 701 491	2 469 714
Investments in subsidiaries	451 870	433 343	511 916
Intangible assets	348 477	356 136	363 646
Tangible fixed assets	463 096	470 926	468 722
Deferred income tax assets	-	9 720	45 734
Other assets	190 135	210 110	185 772
Total assets	**42 371 546**	**36 862 230**	**33 941 408**
EQUITY AND LIABILITIES			
Amounts due to the Central Bank	-	-	2 146
Amounts due to other banks	5 488 890	5 186 286	4 353 877
Derivative financial instruments and other trading liabilities	1 569 675	1 267 825	1 554 254
Amounts due to customers	30 390 913	25 934 634	24 039 672
Debt securities in issue	36 490	36 215	62 145
Subordinated liabilities	1 473 771	1 547 354	1 429 441
Other liabilities	389 020	457 926	315 734
Current income tax liabilities	1 719	11 543	10
Provisions for deferred income tax	100 252	-	-
Provisions	55 149	67 374	77 893
Total liabilities	**39 505 879**	**34 509 157**	**31 835 172**
Equity			
Share capital	**1 503 744**	**1 496 946**	**1 477 157**
- Registered share capital	118 256	118 064	117 500
- Share premium	1 385 488	1 378 882	1 359 657
Other capital and reserves	**89 065**	**3 959**	**(21 828)**
Retained earnings:	**1 272 858**	**852 168**	**650 907**
- Profit (loss) for the previous year	850 634	527 974	531 782
- Net profit (loss) for the current year	422 224	324 194	119 125
Total equity	**2 865 667**	**2 353 073**	**2 106 236**
Total equity and liabilities	**42 371 546**	**36 862 230**	**33 941 408**
Capital adequacy ratio	**10.95**	**11.07**	**11.62**
Book value	**2 865 667**	**2 353 073**	**2 106 236**
Number of shares	**29 564 034**	**29 516 035**	**29 374 947**
Book value per share (in PLN)	**96.93**	**79.72**	**71.70**
Diluted number of shares	**29 690 132**	**29 690 132**	**29 567 372**
Diluted book value per share (in PLN)	**96.52**	**79.25**	**71.24**

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

3. Statements of changes in equity

Changes in equity from 1 January 2007 to 30 June 2007

Changes in equity from 1 January 2007 to 30 June 2007	Share capital		Other capital and reserves	Retained earnings					Total
	Registered share capital	Share premium		Supplementary capital	Other reserve capital	General risk fund	Profit (loss) from previous year	Profit (loss) for the current year	
Equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
Net change in investments available for sale, net of tax	-	-	86 635	-	-	-	-	-	86 635
Net change in cash flow hedges, net of tax	-	-	-	-	-	-	-	-	-
- increase	-	-	-	-	-	-	-	-	-
- decrease	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	(1 529)	-	-	-	-	-	(1 529)
Net profit not recognised in income statement	**-**	**-**	**85 106**	**-**	**-**	**-**	**-**	**-**	**85 106**
Net profit (loss)	-	-	-	-	-	-	-	422 224	**422 224**
Total profit recognised in current year	**-**	**-**	**85 106**	**-**	**-**	**-**	**-**	**422 224**	**507 330**
Dividends paid	-	-	-	-	-	-	-	-	-
Transfer to General Banking Risk Fund	-	-	-	-	-	-	-	-	-
Transfer to reserve capital	-	-	-	-	-	-	-	-	-
Transfer to supplementary capital	-	-	-	274 505	-	-	(274 505)	-	-
Loss coverage with reserve capital	-	-	-	-	-	-	-	-	-
Loss coverage with supplementary capital	-	-	-	-	-	-	-	-	-
Issue of shares	192	4 424	-	-	-	-	-	-	4 616
Redemption of shares	-	-	-	-	-	-	-	-	-
Purchase/sale of own shares	-	-	-	-	-	-	-	-	-
Issue expenses	-	-	-	-	-	-	-	-	-
Additional shareholder payments	-	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-
Change in the scope of consolidation	-	-	-	-	-	-	-	-	-
Increase of share in consolidated company	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
Stock option program for employees	-	2 182	-	-	(1 534)	-	-	-	**648**
- value of services provided by the employees	-	-	-	-	648	-	-	-	648
- settlement of exercised options	-	2 182	-	-	(2 182)	-	-	-	-
Equity as at 30 June 2007	**118 256**	**1 385 488**	**89 065**	**286 893**	**5 741**	**558 000**	**-**	**422 224**	**2 865 667**

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

Changes in equity from 1 January 2006 to 31 December 2006

Changes in equity from 1 January 2006 to 31 December 2006	Share capital		Other capital and reserves	Retained earnings					Total
	Registered share capital	Share premium		Supplementary capital	Other reserve capital	General risk fund	Profit (loss) from previous year	Profit (loss) for the current year	
Equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 637)**	**12 388**	**12 967**	**558 000**	**(49 690)**	**-**	**1 954 871**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 637)**	**12 388**	**12 967**	**558 000**	**(49 690)**	**-**	**1 954 871**
Net change in investments available for sale, net of tax	-	-	6 158	-	-	-	-	-	6 158
Net change in cash flow hedges, net of tax	-	-	-	-	-	-	-	-	-
- increase	-	-	-	-	-	-	-	-	-
- decrease	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	438	-	-	-	-	-	438
Net profit not recognised in income statement	**-**	**-**	**6 596**	**-**	**-**	**-**	**-**	**-**	**6 596**
Net profit (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**324 194**	**324 194**
Total profit recognised in current year	**-**	**-**	**6 596**	**-**	**-**	**-**	**-**	**324 194**	**330 790**
Dividends paid	-	-	-	-	-	-	-	-	-
Transfer to General Banking Risk Fund	-	-	-	-	-	-	-	-	-
Transfer to reserve capital	-	-	-	-	-	-	-	-	-
Transfer to supplementary capital	-	-	-	-	-	-	-	-	-
Loss coverage with reserve capital	-	-	-	-	-	-	-	-	-
Loss coverage with supplementary capital	-	-	-	-	-	-	-	-	-
Issue of shares	2 128	63 231	-	-	-	-	-	-	65 359
Redemption of shares	-	-	-	-	-	-	-	-	-
Purchase/sale of own shares	-	-	-	-	-	-	-	-	-
Issue expenses	-	-	-	-	-	-	-	-	-
Additional shareholder payments	-	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-
Change in the scope of consolidation	-	-	-	-	-	-	-	-	-
Increase of share in consolidated company	-	-	-	-	-	-	-	-	-
Other changes	-	(160)	-	-	-	-	1	-	(159)
Stock option program for employees	**-**	**7 904**	**-**	**-**	**(5 692)**	**-**	**-**	**-**	**2 212**
- value of services provided by the employees	-	-	-	-	2 212	-	-	-	2 212
- settlement of exercised options	-	7 904	-	-	(7 904)	-	-	-	-
Equity as at 31 December 2006	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**(49 689)**	**324 194**	**2 353 073**

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

Changes in equity from 1 January 2006 to 30 June 2006

Changes in equity from 1 January 2006 to 30 June 2006	Share capital		Other capital and reserves	Retained earnings					Total
	Registered share capital	Share premium		Supplementary capital	Other reserve capital	General risk fund	Profit (loss) from previous year	Profit (loss) for the current year	
Equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 637)**	**12 388**	**12 967**	**558 000**	**(49 690)**	**-**	**1 954 871**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2006	**115 936**	**1 307 907**	**(2 637)**	**12 388**	**12 967**	**558 000**	**(49 690)**	**-**	**1 954 871**
Net change in investments available for sale, net of tax	-	-	(21 538)	-	-	-	-	-	(21 538)
Net change in cash flow hedges, net of tax	-	-	-	-	-	-	-	-	-
- increase	-	-	-	-	-	-	-	-	-
- decrease	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	2 347	-	-	-	-	-	2 347
Net profit not recognised in income statement	**-**	**-**	**(19 191)**	**-**	**-**	**-**	**-**	**-**	**(19 191)**
Net profit (loss)	-	-	-	-	-	-	-	119 125	**119 125**
Total profit recognised in current year	**-**	**-**	**(19 191)**	**-**	**-**	**-**	**-**	**119 125**	**99 934**
Dividends paid	-	-	-	-	-	-	-	-	-
Transfer to General Banking Risk Fund	-	-	-	-	-	-	-	-	-
Transfer to reserve capital	-	-	-	-	-	-	-	-	-
Transfer to supplementary capital	-	-	-	-	-	-	-	-	-
Loss coverage with reserve capital	-	-	-	-	-	-	-	-	-
Loss coverage with supplementary capital	-	-	-	-	-	-	-	-	-
Issue of shares	1 564	48 920	-	-	-	-	-	-	50 484
Redemption of shares	-	-	-	-	-	-	-	-	-
Purchase/sale of own shares	-	-	-	-	-	-	-	-	-
Issue expenses	-	-	-	-	-	-	-	-	-
Additional shareholder payments	-	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-
Change in the scope of consolidation	-	-	-	-	-	-	-	-	-
Increase of share in consolidated company	-	-	-	-	-	-	-	-	-
Other changes	-	(160)	-	-	-	-	1	-	(159)
Stock option program for employees	**-**	**2 990**	**-**	**-**	**(1 884)**	**-**	**-**	**-**	**1 106**
- value of services provided by the employees	-	-	-	-	1 106	-	-	-	1 106
- settlement of exercised options	-	2 990	-	-	(2 990)	-	-	-	-
Equity as at 30 June 2006	**117 500**	**1 359 657**	**(21 828)**	**12 388**	**11 083**	**558 000**	**(49 689)**	**119 125**	**2 106 236**

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4. Cash Flow Statement

Cash Flow Statement from 1 January 2007 to 30 June 2007 and from 1 January 2006 to 30 June 2006

the period	From 01.01.2007 to 30.06.2007	From 01.01.2006 to 30.06.2006
A. Cash flow from operating activities - indirect method	**(1 396 641)**	**(1 379 400)**
Profit before income tax	**509 918**	**151 621**
Adjustments:	**(1 906 559)**	**(1 531 021)**
Income taxes paid (negative amount)	(8 593)	32 977
Amortisation	70 539	66 686
Foreign exchange gains (losses)	(77 838)	85 476
Gains (losses) on investing activities	(92 370)	(5 826)
Impairment of financial assets	-	1 308
Dividends received	(36 200)	(9 022)
Interest paid	528 970	478 381
Change in loans and advances to banks	24 301	(344 597)
Change in trading securities	(660 723)	1 402 259
Change in derivative financial instruments	(200 217)	(520 819)
Change in loans and advances to customers	(5 062 912)	(3 717 901)
Change in investment securities	(843 844)	(1 708 241)
Change in other assets	27 086	40 718
Change in amounts due to other banks	195 744	1 548 827
Change in financial instruments and other trading liabilities	301 993	283 840
Change in amounts due to customers	4 023 466	882 573
Change in debt securities in issue	275	600
Change in provisions	(12 225)	(216)
Change in other liabilities	(84 011)	(48 044)
Net cash from operating activities	**(1 396 641)**	**(1 379 400)**
B.Cash flows from investing activities	**118 533**	**(272 386)**
Investing activity inflows	**204 602**	**20 925**
Disposal of shares in associates	-	10 944
Disposal of shares in subsidiaries, net of cash disposed	165 600	173
Proceeds from sale of intangible assets and tangible fixed assets	2 802	247
Other investing inflows	36 200	9 561
Investing activity outflows	**86 069**	**293 311**
Acquisition of associates	-	38
Acquisition of subsidiaries, net of cash acquired	26 953	218 540
Purchase of intangible assets and tangible fixed assets	36 241	38 016
Other investing outflows	22 875	36 717
Net cash used in investing activities	**118 533**	**(272 386)**
C. Cash flows from financing activities	**25 831**	**456 397**
Financing activity inflows	**1 201 966**	**1 544 542**
Proceeds from loans and advances from other banks	228 910	1 494 058
Increase of subordinated liabilities	968 440	-
Issue of ordinary shares	4 616	50 484
Financing activity outflows	**1 176 135**	**1 088 145**
Repayments of loans and advances from other banks	119 068	987 756
Repayments of other loans and advances	9 833	24 910
Redemption of debt securities	-	30 000
Decrease of subordinated liabilities	967 075	-
Other financing outflows	80 159	45 479
Net cash from financing activities	**25 831**	**456 397**
Net increase / decrease in cash and cash equivalents (A+B+C)	**(1 252 277)**	**(1 195 389)**
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	(5 985)	15 001
Cash and cash equivalents at the beginning of the reporting period	8 951 008	8 139 020
Cash and cash equivalents at the end of the reporting period	**7 692 746**	**6 958 632**

Explanatory Notes to the Consolidated Financial Statements

1. Information concerning the Group of BRE Bank SA

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

- Strategic and infrastructural: Shares and equity interests in companies supporting the different particular business lines of the BRE Bank SA (corporates and markets, retail banking, assets management), as well as shares and equity interests in companies providing financial infrastructure or handling spheres that are complementary to the statutory scope of business of the BRE Bank SA. The formation or acquisition of these companies was intended to expand the range of services offered to the clients of the Bank;
- Long term: Investments with an assumed high rate of return and an investment horizon of not less than 2 years; they also comprise equity investments placed in companies listed on the Warsaw Stock Exchange SA with anticipated duration of not less than 6 months, as well as investments in investment funds (National Investment Funds /NIF/ and foreign closed end funds);
- Other: Company shares and equity interests acquired in exchange for receivables, in transactions resulting from composition and work out agreements with creditors, with the intention to recover a part or all claims to loan receivables and insolvent companies under liquidation or receivership.

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

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

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

As at 30 June 2007, the BRE Bank's Group covered by the Consolidated Financial Statements comprised the following companies:

BRE Bank SA: the parent entity

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

According to the Polish Classification of Business Activities, the business of the Bank was classified as "Other banking business" under number 6512A. According to the Stock Exchange Quotation, the Bank is classified as pertaining to the "Banks" sector of the "Finance" macro-sector.
According to the Company Articles of Association, the scope of its business consists of providing banking services and consulting-advisory services in financial matters, as well as the conduct of business activities within the scope described in its Company Articles of Association. The Bank is engaged in providing services to corporate clients, institutions and individuals (including private banking) throughout the whole country as well as in trading and investment activity.

The Bank provides services to Polish and international corporations and individuals, both in the local currency (Polish Zloty, PLN) and in foreign currencies. In particular, the Bank supports all kinds of activities leading to the development of exports.
The Bank may open and maintain accounts with Polish and foreign banks, as well as having the right to possess foreign exchange assets and to trade with them.

The average employment as at the end of the second quarter 2007 was: in BRE Bank SA 4 187 persons and in the Group 5 624 persons (first quarter of 2006: BRE Bank 3 699, Group 4 965).

Corporates and Markets, including:

Corporates and Institutions

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

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

Trading and Investments

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

Retail Banking (including private banking)

- BRE Wealth Management SA (till 28 December 2006 Skarbiec Investment Management SA), subsidiary
- emFinanse Sp. z o.o., subsidiary

Asset Management (disontinued operations)

- Powszechne Towarzystwo Emerytalne Skarbiec-Emerytura SA, subsidiary

Remaining business

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

Since the beginning of the second quarter of 2007 BRE Bank has included emFinanse Sp. z o.o. in its Group. The public limited company was registered in August 2005. The scope of its business consists of advisory and broking services, and sale of bank products and bank - insurance products. At present emFinanse offers cash credits, credits on car, mortgage loans and insurance products. Soon the company is going to sell units of TFI. The head office of emFinanse Sp. z o.o. is located at Łódź and the business of it embraces whole Poland. The branches of emFinanse are located in the biggest towns of Poland. Irrespective of its own branches the public limited company acts through the net of agents and twinning posts of emFinanse. BRE Bank holds 100% of the shares of the company.

The detailed description of other services of BRE Bank SA Group companies was presented in the Notes to the Consolidated Financial Statement for the year 2006 published on 28 February 2007.

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

From the Group poin of view, the core business of PTE Skarbiec-Emerytura SA i.e. managing an open pension fund makes criteria of discontinued operations. So, according to IFRS 5 in the consolidated profit and loss account there was separated profit from discontinued operations.

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

Additionally, the Group applied IFRS 5 retrospectively and made adjustments in the profit and loss account for the period from January 01 to March 31, 2006 by separating continued and discontinued operations.

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

2. Description of Relevant Accounting Policies

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

2.1. Accounting Basis

These Consolidated Financial Statements of BRE Bank Group have been prepared for the six month period ended 30 June 2007.

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

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

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

2.2. Consolidation

Subsidiaries

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

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

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

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

Associates

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

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

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

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

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

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

Since the beginning of the second quarter of 2007 the Consolidated Financial Statements of the Bank have coverred emFinance Sp. z. o.o.

2.3. Interest Income and Expenses

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

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

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

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

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

Interest income on impaired loans is recognised using the interest used to discount the future cash flows for the purpose of measuring impairment loss.

Relating the effective interest rate only the terms of closely related embedded derivatives are considered.

2.4. Fee and Commission Income

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

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

2.5. Segment Reporting

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

2.6. Financial Assets

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

<u>Financial assets valued at fair value</u>

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

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

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

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

If a contract contains one or more embedded derivatives, the Group may designate the entire hybrid (combined) contract as a financial asset or financial liability at fair value through profit or loss unless:

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

The Group may also designate the financial assets/liabilities at fair value through profit or loss when doing so results in more relevant information, because either

a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or

b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

Interest income and expense from financial assets measured at fair value, except derivative financial instruments described in Note 2.12, are presented in net interest income. Valuation and gains and losses from sale of financial assets measured at fair value are presented in net trading income.

The Group did not recognize any assets/liabilities at fair value through profit and loss.

<u>Loans and Receivables</u>

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

<u>Held to Maturity Investments</u>

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

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

<u>Available for Sale Investments</u>

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

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

Transactions consisting of buying and selling of financial assets valued at fair value through the Profit and Loss Account, held to their maturity date, and available for sale are recognised at the date of transaction – the date on which the Group commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers. A financial asset or financial liability is recognised initially at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs. Financial assets are derecognised when the rights to receive cash flows have expired or where the Group has transferred substantially all rights and rewards of ownership.

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

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

If it is imposible to measure the reliable fair value of the investment in equity instruments (or derivative instruments related to such instruments) that are unqoted on the regulated market, they should be carried at cost.

2.7. Offsetting Financial Instruments

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

2.8. Impairment of Financial Assets

Assets Carried at Amortised Cost

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

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

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

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

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

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

Future cash flows concerning groups of financial assets assessed collectively in terms of their possible impairment are estimated on the basis of contractual cash flows and historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

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

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

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

<u>Assets Measured at Fair Value</u>

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

<u>Renegotiated loans</u>

Loans whose terms have been renegotiated (e.g. change of loan repayment schedule) are subject to collective impairment assessment (unless renegotiating of terms of the agreement was not forced by the debtor's position and was carried on normal business conditions). Such loans are written off for loan impairment and they do not have any influence on loan portfolio not subject to impairment.

2.9. Financial Guarantee Contracts

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

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

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

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

2.10. Cash and Cash Equivalents

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

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

2.11. Sell-buy-back Contracts

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

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

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

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

2.12. Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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

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

<u>Fair Value Hedges</u>

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

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

Cash Flow Hedges

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

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

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

Derivative Instruments Not Fulfilling the Criteria of Hedge Accounting

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

Market risk instruments:

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

Interest rate risk instruments:

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

Foreign exchange risk instruments:

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

2.13. Recognition of deferred day one profit and loss

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

If the fair value at initial recognition determined using valuation models (based on market observable and non-market data) is different from the transaction price, financial instrument is initially recognized at the transaction price. The Bank assumes, that such a price is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as "*day one profit and loss*", is not recognized immediately in profit and loss.

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

2.14. Borrowings

Borrowings (including deposits) are initially recognised at fair value reduced by the incurred transaction costs. After the initial recognition, borrowings are recorded at adjusted cost of acquisition (amortised cost). Any differences between the amount received (reduced by transaction costs) and the redemption value are recognised in the Profit and Loss Account over the period of duration of the respective agreements according to the effective interest rate method.

2.15. Intangible Assets

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

Goodwill

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

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

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

Computer software

Purchased computer software licences are capitalised in the amount of costs incurred for the purchase and adaptation for use of specific computer software. These costs are amortised on the basis of the expected useful life of the software (2-10 years). Expenses attached to the development or maintenance of computer software are expensed when incurred. Costs directly linked to the development of identifiable and unique proprietary computer programmes controlled by the Bank, which are likely to generate economic benefits in excess of such costs expected to be gained over a period exceeding one year, are recognised as intangible assets.
Direct costs comprise personnel expenses attached to the development of software and the corresponding part of the respective general overhead costs.
Capitalised costs attached to the development of software are amortised over the period of their estimated useful life.
Computer software directly connected with the functioning of specific information technology hardware is recognised as "Tangible fixed assets".

Development costs

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

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

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

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

2.16. Tangible Fixed Assets

Land and buildings consist mainly of branch outlets and offices. Tangible fixed assets are carried at historical cost reduced by depreciation. Historical cost takes into the account the expenses directly attached to the acquisition of the respective assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Any other expenses incurred on repairs and maintenance are expensed to the Profit and Loss Account in the reporting period in which they were incurred.

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

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

- Buildings and constructed structures	25-40 years,
- Technical plant vehicles	5-10 years,
- Transport vehicles	5 years,
- Information technology hardware	3,33-5 years,
- Investments in third party (leased) fixed assets	10-40 years or the period of the lease contract, if is shorter than 25 lat,
- Offiice equipment, furniture	5-10 lat.

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

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

If there is any indication that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the cash-generating unit to which the asset belongs.

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

2.17. Non Current Assets Held for Sale and Discontinued Operation

The Group classifies non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.
For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal groups) and it sale must be highly probable, i.e. the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated.

Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

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

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

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

2.18. Deferred Tax Assets and Liabilities

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

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

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

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

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

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

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is possible that the difference will not reverse in the foreseeable future.

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

2.19. Assets Taken Over for Debts

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

2.20. Prepayments, Accruals and Deferred Income

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

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

2.21. Leasing

<u>BRE Bank SA Group as a Lessor</u>

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

BRE Bank SA Group as a Lessee

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

2.22. Provisions

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

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

2.23. Retirement Benefits and Other Employee Benefits

Retirement Benefits

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

Benefits Based on Shares

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

2.24. Equity

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

Registered share capital

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

a) Share Issue Costs

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

b) Dividends

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

c) Own Shares

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

Share premium

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

Revaluation reserve

Revaluation reserve is formed as a result of:

- valuation of available for sale ,
- valuation of cash flow hedge financial assets,
- currency translation differences.

Retained earnings

Retained earnings include:

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

Other supplementary capital, other reserve capital and general banking risk fund are formed from allocations of profit and are assigned to purposes specified in the Company Articles of Association or other regulations of the law.

Hyperinflationary restatements of the equity

According to IAS 29 *Financial Reporting in Hyperinflationary Economies* paragraph 25, the components of equity (except retained earnings and any revaluation surplus) are restated by applying a general price index from the dates the components were contributed or otherwise arose for a period when the economy of the carrying business entity was recognised as according to IAS 29, a hyperinflationary economy.

The effect of restating the components of share capital by applying a general price index is recognised with a corresponding impact on retained earnings. The adoption of IAS 29 paragraph 25 results in an increase of the share capital and at the same time it reduces retained earnings by the same amount.

The Management Board has carried out an analysis to estimate the value of such adjustment, which would result in a growth of the share capital and growth of the share premium as well as in a corresponding decrease in the retained earnings by PLN 107 219 thousand.

Because the effect of the restatement:

- Represents 3.54% of the owners' equity of the Group and 7.13% of share capital;
- Consists of re-allocation of funds between various items of the owners' equity, which has no effect on the equity as a whole;
- Has no material effect on the presented financial data, both as a whole and on line items basis;

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

Hyperinflationary adjustments will also have no material effect for the period ended 30 June 2006 (the effect of the restatement will represent 4.77% of the owners' equity of the Group and 7.26% of share capital).

2.25. Valuation of Items Denominated in Foreign Currencies

Functional Currency and Presentation Currency

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

Transactions and Balances

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

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

Companies Belonging to the Group

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

a) assets and liabilities in each presented Balance Sheet are converted at the mid rate of exchange of the National Bank of Poland (NBP) in force at the Balance Sheet date;
b) revenues and expenses in each Profit and Loss Account are converted at the rate equal to the arithmetic mean of the mid rates quoted by NBP on the last day of each of 3 months of each presented periods; whereas
c) all resulting foreign exchange differences are recognised as a distinct item of equity.

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

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

Leasing Business

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

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

2.26. Custody Services Business

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

Dom Inwestycyjny BRE Banku SA operates a custody business in connection with the handling of securities accounts of the clients.

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

Other companies belonging to the Group do not conduct any custody business operations.

2.27. Standards, Interpretations and Amendments to Published Standards

Amendments to published standards and interpretations effective 1 January 2007:

- IFRS 7, *Financial Instruments: Disclosures Financial Instruments*, disclosure of information, effective from 1 January 2007
- IAS 1, Presentation of Financial Statements, changes in presentation of information concerning equity, effective from 1 January 2007
- IFRIC 7, Applying the Restatement Approach under IAS 29 *Financial Reporting in Hyperinflationary Economies*, effective for periods beginning on or after 1 March
- IFRIC 8, Scope of IFRS 2, effective for annual periods beginning on or after 1 May 2006
- IFRIC 9, Reassessment of Embedded Derivatives Financial Instrument, effective for annual periods beginning on or after 1 June 2006
- IFRIC 10, Interim Financial Reporting and Impairment, effective for annual periods beginning on or after 1 November 2006.

IFRS 7 introduced new requirements concerning the disclosures on financial instruments and superseded IAS 30 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and the disclosure requirements of IAS 32 *Financial instruments: presentation*.

The changes brought by IFRS 7 mostly affected the following areas: disclosing risk "through the eyes of management", expanded quantitative disclosures of risk, the introduction of sensitivity analysis, enhanced disclosure of an Group's financial position and performance.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

- IFRIC 11, IFRS 2 *Group Treasury Share Transactions*, effective for annual periods beginning on or after 1 March 2007.
- IFRIC 12, *Service Concession Arrangements,* effective for annual periods beginning on or after 1 January 2009.
- IFRS 8, *Operating segments*, effective for annual periods beginning on or after 1 January 2008.

In the Group opinion the application of these new interpretations will not have a material impact on the entity's financial statements in the period of initial application.

2.28. Comparative Data

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

In connection with separate presentation of discontinued operations, the Group has made adjustments to profit and loss account for the Q2 2006 by breaking down continued and discontinued operations.

The influence of break down to continued and discontinued operations on comparative data in consolidated financial statements as at 30 June 2006 is presented in the table below.

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

	Period from 01.01.2006 to 30.06.2006 (before adjustments)	Restatement	Period from 01.01.2006 to 30.06.2006 (after adjustments)
Continued operations			
Interest income	790 813	(1 225)	789 588
Interest expense	(458 318)	3	(458 315)
Net interest income	**332 495**	**(1 222)**	**331 273**
Fee and commission income	327 354	(62 167)	265 187
Fee and commission expense	(98 168)	16 980	(81 188)
Net fee and commission income	**229 186**	**(45 187)**	**183 999**
Dividend income	5 024	-	5 024
Net trading income, including:	196 099	5	196 104
Foreign exchange result	184 689	1	184 690
Other trading income	11 410	4	11 414
Gains less losses from investment securities	10 584	(383)	10 201
Other operating income	147 034	(117)	146 917
Impairment losses on loans and advances	(32 792)	-	(32 792)
Overhead costs	(436 449)	19 641	(416 808)
Amortization and depreciation	(81 287)	867	(80 420)
Other operating expenses	(120 663)	7 767	(112 896)
Operating profit	**249 231**	**(18 629)**	**230 602**
Share of profit of associates	(112)	-	(112)
Profit before income tax from continued operations	**249 119**	**(18 629)**	**230 490**
Income tax expense	(54 629)	2 474	(52 155)
Net profit (loss) from continued operations including minority interest	**194 490**	**(16 155)**	**178 335**
Discontinued operations			
Profit before income tax from discontinued operations	**-**	**(18 629)**	**18 629**
Income tax expense	-	2 474	(2 474)
Net profit (loss) from discontinued operations including minority interest	**-**	**(16 155)**	**16 155**
	-	-	-
Net profit (loss) from continued and discontinued operations including minority interest, of which:	**194 490**	**-**	**194 490**
Net profit (loss) attributable to minority interest	14 091	-	14 091
Net profit (loss)	**180 399**	**-**	**180 399**

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

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

Impairment of loans and advances

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

Fair value of derivative instruments

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

Impairment of equity securities available for sale

Impairment is regarded to occur if over a period of at least three months the listed price of the given security continues to be lower than the cost of its acquisition or the issuer incurs loss not covered by its equity within the period of one year, as well as the occurrence of other facts and circumstances providing indications of the impairment of value.

In addition, objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its purchase price is also objective evidence of impairment.

Impairment of debt instruments available for sale

Impairment and increase in value of debt securities available for sale is determined at the date of valuation, i.e. the Balance Sheet date, separately for each category of debt security. Impairment is recognised, if over a period of at least three months the listed price of the given security persists at a level lower than its cost of acquisition, if the issuer incurs a loss not covered by his equity capital over a period of one year or in the event of other circumstances indicating impairment. Value is deemed to have increased if over a period of at least three successive months the listed price of a security has been higher than its previous valuation or, if other circumstances indicating such an increase persist over such a period. An increase in value is determined according to the value recognised on the last day of the three month period, but it cannot be higher than the cost of acquisition.

Goodwill

The Group tests the value of goodwill arising from acquisition of shares in Group member companies consolidated in the financial statements in terms of the risk of goodwill impairment during each annual period.

4. Business Segments

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

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

1. Retail Banking, including private banking services, current accounts for retail customers, savings accounts, deposits, investment products, custody services, credit and debit cards, consumer and mortgage loans, term deposits for retail customers, small and medium-sized enterprises, financial settlements, operations on bills of exchange, checks and guarantees issue.

   Since the beginning of 2007, Retail Banking also includes the results of BRE Wealth Management SA and emFinanse Sp. z o.o. BRE Wealth Management SA provides comprehensive financial consulting and complex asset management services for wealthy private banking clients. The joint stock company acts at the market of financial advisers and agents, and deals with selling bank products (cash credit, credit on car, mortgage loan) and insurance products.

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

2.1 Corporates and Institutions, including current accounts, savings accounts and term deposits, FX products and derivative instruments, sell buy back and buy sell back transactions, offer of investment products, credit cards and debit cards, business loans, as well as financial and operating leasing of vehicles, machines, office equipment, leasing of real estates, as well as administration support in leasing of the above indicated fixed assets. Within that sub-segment, the Bank solely, or in consortium with other Banks, covenants financing large projects with loans.

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

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

Corporates and Institutions sub-segment includes the results of the following subsidiaries: BRE Bank Hipoteczny SA, BRE Leasing Sp. z o.o., Dom Inwestycyjny BRE Banku SA, BRE Corporate Finance SA, Intermarket Bank AG, Polfactor SA, Transfinance a.s. and Magyar Factor zRt. Subsidiaries enrich Bank's offer by commercial real estates financing, leasing, factoring, stocks and securities designed for public turnover, purchase and sales of securities in the name of client, merger and acquisition advisory, corporate restructuring consulting and performing any corporate privatizing activities.

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

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

The Bank also earns from capital gains on own investments portfolio, including direct and indirect stakes acquired with objective on high long-term yields. Apart from the specialized organizational unit of the Bank managing the long-term investment portfolio, the segment also comprises the activities of Tele-Tech Investment Sp. z o.o., whose core business is to invest in securities, to trade in debts, to manage controlled companies and to provide advisory services. Proprietary investment also includes the results of Garbary Sp. z o.o. and BRE Finance France SA.

3. Asset Management (discontinued activity), including the results of: Skarbiec Asset Management Holding SA (until 31. December 2006) and PTE Skarbiec-Emerytura SA. Due to the sale of SAMH that took place on January 8, 2007 and the intention to sell PTE, asset management activity is being considered as discontinued the Group.

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

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

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

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

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

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

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

The business operations of particular companies of the Group are attributed in full to a relevant business segment (including consolidation adjustments).

The primary and unique basis used by the Group in the segment reporting is business line division. The Group does not distinguish geographic segments as reportable segments due to their immateriality.

Business segment reporting on the activities of the BRE Bank Group
for the period from 01.01.2007 to 30.06.2007
(PLN'000)

	Corporates & Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation)	Other	Eliminations	Group
	Corporates & Institutions	Trading & Investments					
Net interest income	**253 221**	**27 758**	**195 982**	**(6 250)**	**(186)**	**-**	**470 525**
- sales to external clients	287 906	45 274	135 480	1 595	270	-	470 525
- sales to other segments	(34 685)	(17 516)	60 502	(7 845)	(456)	-	-
Net fee and commission income	**199 441**	**(7 935)**	**98 143**	**12 189**	**83**	**-**	**301 921**
- sales to external clients	190 616	(221)	99 254	12 189	83	-	301 921
- sales to other segments	8 825	(7 714)	(1 111)	-	-	-	-
Unallocated costs	-	-	-	-	-	-	-
Gross profit / (loss) of the segment	**230 633**	**82 937**	**126 722**	**85 639**	**18 585**	**(13 911)**	**530 605**
Profit / (loss) on operating acitivities	-	-	-	-	-	-	530 605
Contribution of profit / (loss) sharing in associated companies (before tax)	-	-	-	-	-	-	-
Gross profit (before tax)	-	-	-	-	-	-	530 605
Corporate income tax	-	-	-	-	-	-	(110 986)
Net profit (loss) attributable to minority interest	-	-	-	-	-	-	15 753
Net profit (after tax)	-	-	-	-	-	-	403 866
Asset of the segment	**20 675 694**	**19 211 225**	**11 731 108**	**495 287**	**782 676**	**(3 962 362)**	**48 933 628**
Total assets	-	-	-	-	-	-	48 933 628
Segment's liabilities	**27 910 344**	**10 848 195**	**10 234 319**	**159 157**	**3 743 975**	**(3 962 362)**	**48 933 628**
Total liabilities	-	-	-	-	-	-	48 933 628
Other items of the segment	-	-	-	-	-	-	-
Expenditures incurred on fixed assets and intangible assets	(61 979)	(3 504)	(29 332)	(1 034)	(2 121)	-	(97 970)
Amortisation/depreciation	(48 074)	(4 324)	(33 027)	(552)	(1 525)	(1 041)	(88 543)
Losses on credits and loans	(113 714)	(2 793)	(16 087)	-	(1 166)	-	(133 760)
Other costs/ income without cash outflows/ inflows	-	399	(2)	-	-	-	397
- other costs without outflows	-	*(111 714)*	*(2)*	-	-	-	*(111 716)*
- other income without inflows	-	*112 113*	-	-	-	-	*112 113*

Business segment reporting on the activities of the BRE Bank Group
for the period from 01.01.2006 to 30.06.2006
(PLN'000)

	Corporates & Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation) *	Other	Eliminations	Group
	Corporates & Institutions	Trading & Investments					
Net interest income	**206 058**	**7 788**	**129 823**	**(9 140)**	**(1 580)**	**(454)**	**332 495**
- sales to external clients	268 800	28 288	34 081	1 944	(164)	(454)	332 495
- sales to other segments	(62 742)	(20 500)	95 742	(11 084)	(1 416)	-	-
Net fee and commission income	**162 878**	**(8 881)**	**31 000**	**45 253**	**(408)**	**(656)**	**229 186**
- sales to external clients	155 726	(2 327)	31 595	45 253	(405)	(656)	229 186
- sales to other segments	7 152	(6 554)	(595)	-	(3)	-	-
Unallocated costs	-	-	-	-	-	-	-
Gross profit / (loss) of the segment	**147 079**	**39 639**	**22 613**	**10 319**	**36 104**	**(6 635)**	**249 119**
Profit / (loss) on operating acitivities	-	-	-	-	-	-	249 231
Contribution of profit / (loss) sharing in associated companies (before tax)	-	-	-	-	-	(112)	(112)
Gross profit (before tax)	-	-	-	-	-	-	249 119
Corporate income tax	-	-	-	-	-	-	(54 629)
Net profit (loss) attributable to minority interest	-	-	-	-	-	-	14 091
Net profit (after tax)	-	-	-	-	-	-	180 399
Asset of the segment	**17 774 123**	**17 563 624**	**6 620 354**	**691 477**	**736 426**	**(4 624 746)**	**38 761 258**
Total assets	-	-	-	-	-	-	38 761 258
Segment's liabilities	**18 972 439**	**13 202 346**	**8 375 966**	**285 836**	**2 549 417**	**(4 624 746)**	**38 761 258**
Total liabilities	-	-	-	-	-	-	38 761 258
Other items of the segment	-	-	-	-	-	-	-
Expenditures incurred on fixed assets and intangible assets	(51 397)	(4 593)	(17 213)	(1 719)	(963)	-	(75 885)
Amortisation/depreciation	(43 913)	(4 393)	(29 420)	(1 393)	(1 126)	(1 042)	(81 287)
Losses on credits and loans	(205 548)	(4 582)	(21 742)	-	(1 304)	-	(233 176)
Other costs/ income without cash outflows/ inflows	-	119 947	-	-	-	-	119 947
- other costs without outflows	-	*(498 894)*	-	-	-	-	*(498 894)*
- other income without inflows	-	*618 841*	-	-	-	-	*618 841*

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

Net interest income	113
Net fee and commission income	5 309
Profit before income tax	2 419
Assets	9 593
Liabilities	9 593
Amortization	(62)

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5. Net Interest Income

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Interest income		
Cash and short-term investments	128 939	130 550
Investment securities	84 437	27 630
Amounts due arising from purchased securities with a sale clause	-	139
Loans and advances with respect to the unwind of the impairment provision discount	741 638	537 689
Debt securities	67 355	75 693
Other	16 632	17 887
	1 039 001	**789 588**
Interest expense		
Arising from amounts due to banks and customers	(460 143)	(336 958)
Arising from issue of debt securities	(82 832)	(76 714)
Other borrowed funds	(25 053)	(32 110)
Other	(2 043)	(12 533)
	(570 071)	**(458 315)**

Interest income accrued on impaired financial assets were PLN 5 818 thousand (2Q 2006 PLN 7 982 thousand).

6. Net Fee and Commission Income

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Fee and commission income		
Credit related fees and commissions	106 946	52 782
Fees from brokerage activity	66 585	39 654
Fees from portfolio-management services and other management-related fees	5 941	3 971
Commissions from trust	5 455	2 520
Guarantees granted and trade finance commissions	19 239	12 775
Commissions from credit cards	68 203	46 191
Commissions from money transfers	37 750	32 823
Commissions from bank accounts	19 022	17 609
Other	56 934	56 862
	386 075	**265 187**
Fee and commission expense		
Brokerage fees	(12 746)	(12 357)
Credit cards related fees	(46 938)	(43 944)
Other fees	(36 903)	(24 887)
	(96 587)	**(81 188)**

7. Dividend Income

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Trading securities	2	99
Securities available for sale	2 157	4 925
Dividend income, total	**2 159**	**5 024**

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8. Net Trading Income

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Foreign exchange result	**208 443**	**184 690**
Foreign exchange differences from the translation (net)	338 952	91 814
Transaction gains less losses	(130 509)	92 876
Other trading income	**49 839**	**11 414**
Interest-bearing instruments	20 397	7 306
Equities	24 647	(5 008)
Market risk instruments	4 795	9 116
Total net trading income	**258 282**	**196 104**

9. Gains less losses from investment securities

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Redemption / sale by the issuer of the financial assets available for sale	7 161	10 617
Impairment of available for sale equity securities	-	(416)
Total gains and losses from investment securities	**7 161**	**10 201**

10. Other Operating Income

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Sale of tangible and intangible fixed assets and assets held for resale	39 809	93 427
Income from the release of impairment provisions for tangible and intangible assets	90	-
Income from recovering previously designated as uncollectible receivables	1 673	1 320
Income from compensation, penalties and fines received	67	420
Income due to release of provisions	2 830	7 171
Proceeds from services provided	24 394	33 719
Other	8 065	10 860
Total other operating income	**76 928**	**146 917**

11. Impairment Losses on Loans and Advances

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Amounts due from other banks	(528)	(5 212)
Off-balance sheet contingent liabilities due to other banks	-	-
Loans and advances to customers	(11 704)	(39 326)
Off-balance sheet contingent liabilities due to customers	6 366	11 746
Total impairment losses on loans and advances	**(5 866)**	**(32 792)**

12. Overhead Costs

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Staff-related expenses (Note 12A)	(283 193)	(223 179)
Material costs	(222 890)	(182 620)
Taxes and fees	(6 295)	(6 043)
Contributions and transfers to the Banking Guarantee Fund	(2 852)	(2 188)
Contribution to the Social Benefits Fund	(2 018)	(2 113)
Other	(4 671)	(665)
Total overhead costs	**(521 919)**	**(416 808)**

Staff-related expenses (12A)

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Wages and salaries	(228 862)	(181 835)
Social security expenses	(37 194)	(30 005)
Pension fund expenses	(3 034)	(375)
Salaries in form of share option program for employees	(648)	(1 106)
Other staff expenses	(13 455)	(9 858)
Staff-related expenses, total	**(283 193)**	**(223 179)**

The average level of employment in the Group in Q2 2007 was 5 624 persons (vs. 4 965 in Q2 2006) .

13. Other Operating Expenses

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Costs of selling or scraping fixed assets, intangible assets and assets held for resale	(28 060)	(75 474)
Impairment provisions created for tangible and intangible assets	(4 656)	(2 000)
Impairment provisions created for other receivables (excluding loans and advances)	(694)	(832)
Receivables and liabilities recognised as uncollectible and written off	(1 204)	(2 309)
Compensation, penalties and fines paid	(83)	(504)
Donations made	(2 256)	(1 991)
Impairment losses on other non-financial assets	-	(33)
Provisions	(4 914)	(9 663)
Costs of services sale	(2 955)	(16 200)
Other operating costs	(5 591)	(3 890)
Total other operating expenses	**(50 413)**	**(112 896)**

14. Earnings per Share

Earnings per share for 6 months – continued operations

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Basic:		
Net profit (loss) from continued operations attributable to shareholders (for 6 months)	329 704	164 244
Weighted average number of ordinary shares	29 535 896	29 220 150
Net basic profit (loss) per share (in PLN per share)	**11.16**	**5.62**
Diluted:		
Net profit (loss) attributable to shareholders (for 6 months)	329 704	164 244
Net profit (loss) applied for calculation of diluted earnings per share (in thousand PLN)	329 704	164 244
Weighted average number of ordinary shares in issue	29 535 896	29 220 150
Adjustments for:		
- stock options for employees (in thousand PLN)	126 098	192 425
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 661 994	29 412 575
Diluted earnings per share (in PLN per share)	**11.12**	**5.58**

Earnings per share for 6 months – together continued and discontinued operations

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Basic:		
Net profit (loss) from continued and discontinued operations attributable to shareholders (for 6 months)	403 866	180 399
Weighted average number of ordinary shares	29 535 896	29 220 150
Net basic profit (loss) per share (in PLN per share)	**13.67**	**6.17**
Diluted:		
Net profit (loss) attributable to shareholders (for 6 months)	403 866	180 399
Net profit (loss) applied for calculation of diluted earnings per share (in thousand PLN)	403 866	180 399
Weighted average number of ordinary shares in issue	29 535 896	29 220 150
Adjustments for:		
- stock options for employees (in thousand PLN)	126 098	192 425
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 661 994	29 412 575
Diluted earnings per share (in PLN per share)	**13.62**	**6.13**

15. Trading Securities and Pledged Assets

as at	30.06.2007	31.12.2006	30.06.2006
Debt securities:	**7 094 344**	**6 148 676**	**5 688 137**
Government bonds included in cash equivalents and pledged government bonds (sell buy back transactions), including:	3 935 525	2 746 486	3 540 639
- pledged government bonds (sell buy back transactions)	3 253 204	1 921 475	2 366 780
Treasury bills included in cash equivalents and pledged treasury bills (sell buy back transactions), including:	10 827	829 649	298 991
- pledged treasury bills (sell buy back transactions)	-	723 289	92 182
Other debt securities, including	3 147 992	2 572 541	1 848 507
Equity securities:	**5 914**	**12 237**	**14 983**
- listed	5 914	12 237	14 727
- unlisted	-	-	256
Debt and equity securities, including:	**7 100 258**	**6 160 913**	**5 703 120**
- Trading securities	*3 847 054*	*3 516 149*	*3 244 158*
- Pledged assets	*3 253 204*	*2 644 764*	*2 458 962*

The note above does not include treasure and money bills under the Bank Guarantee Fund of PLN 66 026 thousand (31 December 2006 and 30 June 2006 respectively: 57 416 and 11 098 thousand), which have been presented in the Note "Investment Securities and Pledged Assets" (Note 17).

16. Loans and Advances to Customers

as at	30.06.2007	31.12.2006	30.06.2006
Loans and advances to individuals:	11 404 659	8 812 900	6 484 304
Loans and advances to corporate entities:	17 233 748	14 204 591	14 061 185
Loans and avances to public sector	942 625	529 710	1 856 284
Other receivables	271 955	334 575	218 835
Total (gross) loans and advances to customers	**29 852 987**	**23 881 776**	**22 620 608**
Provisions for loans and advances to customers (negative amount)	(833 485)	(837 082)	(893 664)
Total (net) loans and advances to customers	**29 019 502**	**23 044 694**	**21 726 944**
Current (less than one year)	12 742 674	10 364 072	11 452 002
Non-current (more than one year)	16 276 828	12 680 622	10 274 942

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

The amount of transferred items of the above note amounted to - receivables purchased: PLN 1 108 495 thousand and PLN 1 855 015 thousand relatively; realised guarantees and warranties: PLN 6 325 thousand and PLN 8 288 thousand relatively in comparative data (December 31, 2006 and June 30, 2006).

17. Investment Securities and Pledged Assets

as at	30.06.2007	31.12.2006	30.06.2006
Debt securities	**3 619 805**	**2 842 902**	**2 613 565**
- listed	3 531 408	2 806 229	2 577 135
- unlisted	88 397	36 673	36 430
Equity securities	**437 205**	**270 030**	**257 680**
- listed	11 446	10 411	22 317
- unlisted	425 759	259 619	235 363
Total investment securities and pledged assets, including:	**4 057 010**	**3 112 932**	**2 871 245**
- Available for sale securities	*3 990 984*	*3 055 516*	*2 860 147*
- Pledged assets	*66 026*	*57 416*	*11 098*
Current (less than one year)	273 997	933 582	799 889
Non-current (more than one year)	3 783 013	2 179 350	2 071 356

Equity securities at fair value include impairment in amount of PLN 29 014 thousand as at 30 June 2007 (31 December and 30 June 2006: PLN 29 015 and 35 065 thousand).

The above note includes treasury bills pledged in accordance of the Bank Guarantee Fund, which are presented in the balance sheet in a separate position "Pledged assets".

18. Amounts Due to Customers

as at	30.06.2007	31.12.2006	30.06.2006
Corporate customers	18 458 696	15 077 796	13 060 821
Individual customers	10 702 457	9 435 881	8 512 397
Public sector customers	144 563	156 179	208 676
Total amounts due to customers	**29 305 716**	**24 669 856**	**21 781 894**
Current (less than one year)	28 512 905	23 847 669	20 950 243
Non-current (more than one year)	792 811	822 187	831 651

The majority of deposits from individual and corporate clients carries variable interest rates.

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

Bank supports its strategy concerning the sale of pension business of PTE Skarbiec-Emerytura SA that from the point of view of BRE Bank is not considered as a core business. On 29th June 2007 Bank concluded with Aegon Woningen Nova B.V. holding 100% of the shares of Powszechne Towarzystwo Emerytalne Ergo Hestia S.A. (PTE Ergo Hestia) "The Agreement on Integration of PTE Ergo Hestia and PTE Skarbiec-Emerytura" and "The Optional Agreement". The integration of the companies depends on getting assent of Polish Financial Supervision Authority and assent of Office of Competition and Consumer Protection. The details concerning the agreements have been presented under item 4 "Selected Explanatory Information" of this report.

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

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The Bank analyzed the requirement of IAS 12; on the basis of paragraph 44 the Bank did not recognize the deferred tax asset on the impairement write-off on PTE shares.

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

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

On 8th January 2007 in relation to the agreement of 25th September 2006 on sale of shares of Skarbiec Asset Management Holding SA for the Polish Enterprise Fund V, L.P. ("PEF V"), BRE Bank sold 72 582 shares of SAMH of face value PLN 1 000 each. The Bank sold aforementioned shares for a total amount of PLN 155 000 000. Price for shares was paid on 8th January 2007. Ownership of those shares was transferred to PEF V on 8th January 2007.

The value of sold shares of SAMH in Bank's accounts is PLN 51 033 223.50. After the transaction the Bank does not possess any shares of SAMH. The result of the Group on sale of shares of SAMH in the amount of PLN 89 458 thousand was included in the result of discontinued operations.

Below are presented financial data concerning non-current assets held for sale and discontinued operations as at June 30, 2007, December 31, 2006 and June 30, 2006.

Financial data concerning balance sheet positions connected with non-current assets held for sale and discontinued operations as at June 30, 2007, December 31, 2006 and June 30, 2006.

as at	30.06.2007	31.12.2006	30.06.2006
Assets held for sale, including:			
Cash and balances with Central Bank	-	3	-
Loans and advances to banks	6 843	10 550	25 284
Trading securities	-	6 548	-
Investment securities	78 499	63 055	42 287
- available for sale	-	10 642	-
- held to maturity	78 499	52 413	42 287
Intangible assets (including goodwill)	221 027	250 625	232 951
Tangible fixed assets	1 527	5 550	327
Deferred income tax assets	2 673	7 268	5 937
Other assets	13 537	41 595	10 235
Total assets held for sale	**324 106**	**385 194**	**317 021**

as at	30.06.2007	31.12.2006	30.06.2006
Libilities held for sale, including:			
Other liabilities	8 697	23 288	5 276
Provisions	1 621	1 713	1 235
Total libilities held for sale	**10 318**	**25 001**	**6 511**

Financial data concerning profit and loss positions connected with non-current assets held for sale and discontinued operations for the second quarter 2007 and 2006

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the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Interest income	1 597	1 225
Interest expense	(2)	(3)
Net interest income	**1 595**	**1 222**
Fee and commission income	21 935	62 167
Fee and commission expense	(9 502)	(16 980)
Net fee and commission income	**12 433**	**45 187**
Dividend income	-	-
Net trading income, including:	-	(5)
Foreign exchange result	-	*(1)*
Other trading income	-	*(4)*
Gains less losses from investment securities	89 458	383
Other operating income	27	117
Impairment losses on loans and advances	-	-
Overhead costs	(4 408)	(19 641)
Amortization and depreciation	(199)	(867)
Other operating expenses	(4 707)	(7 767)
Operating profit	**94 199**	**18 629**
Profit before income tax from discontinued operations	**94 199**	**18 629**
Income tax expense	(20 037)	(2 474)
Net profit (loss) from discontinued operations including minority interest	74 162	16 155
Net profit (loss) attributable to minority interest	-	-
Net profit (loss) from discontinued operations	**74 162**	**16 155**

Financial data concerning cash-flow positions connected with non-current assets held for sale and discontinued operations for the second quarter 2007 and 2006

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Cash flow from operating activities	(12 113)	(13 940)
Cash flows from investing activities	(748)	(3 827)

SELECTED EXPLANATORY INFORMATION

1. Compliance with International Financial Reporting Standards (IFRS)

The presented Q2 2007 Report fulfils the requirements of the International Accounting Standard (IAS) 34 concerning interim financial reporting.

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

A detailed description of the accounting policy principles of the Group are presented under items 2 and 3 of the IFRS Consolidated Financial Statements for the first quarter 2007. The accounting policies were applied consistently over all of the presented periods.

3. Seasonal or cyclical nature of the business

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

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

- On 4 th June 2007 Bank entered into loan agreement with Bayerische Landesbank. Bank will get a loan amounting to TCHF 100 000 (PLN 229 710 000 at average rate of exchange published by National Bank of Poland as at 4 th June 2007) for the purposes of fulfilling general financial needs of Bank. The loan is granted for 2 years and one day, interest rate 0,15 % p.a. plus LIBOR.

- On 29 th June 2007 BRE Bank SA (Bank) entered into loan agreement with Commerzbank AG. Bank will get a loan amounting to TCHF 500 000 (PLN 1 136 500 000 at average rate of exchange published by National Bank of Poland as at 29 th June 2007) for the purposes of fulfilling general financial needs of Bank. The loan is granted for 3 years, interest rate 0,155 % p.a. plus LIBOR.

- On June 29, 2007, BRE Bank, which holds 100% of shares in Powszechne Towarzystwo Emerytalne Skarbiec-Emerytura S.A. ("PTE Skarbiec-Emerytura"), entered into "Agreement to Merge PTE Ergo Hestia and PTE Skarbiec-Emerytura" and the "Option Agreement" with Aegon Woningen Nova B.V., which holds 100% of shares in Powszechne Towarzystwo Emerytalne Ergo Hestia S.A. ("PTE Ergo Hestia"). The merger will be performed pursuant to Article 492, § 1, Item 1 of the Commercial Companies' Code, by way of PTE Ergo Hestia's taking over of the assets of PTE Skarbiec-Emerytura.

  After the merger, BRE Bank SA's share in the share capital and votes at the General Meeting of PTE Ergo Hestia will amount to 49.7%.The companies' merger will be effected on condition of obtaining a consent from the Commission for Financial Supervision (Komisja Nadzoru Finansowego - ("KNF")) and the Competition and Consumers Protection Office (Urząd Ochrony Konkurencji i Konsumentów - ("UOKiK")).

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

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

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

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

At the end of the second quarter of 2007 in relation to negotiations on sale of shares of Vectra SA, Bank revaluated held shares from the acquisition price (PLN 124 963 thousand) to the fair value (PLN 278 000 thousand). The revaluation effect amounted to PLN 153 037 thousand was enclosed to other capital and reserves. Simultaneously, in relation to the revaluation Bank founded deferred tax provision amounted to PLN 29 077 thousand, in correspondence with other capital and reserves. As a result, the amount of other capital and reserves rose by the net amount of PLN 123 96 thousand. The revaluation had no influence on profit/(loss) in current period.

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

In Q2 2007 there were no significant changes in estimate values of items presented in the previous financial periods.

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

In the second quarter 2007 BRE Leasing issued short term bonds amounting to PLN 216 500 thousand. In the same period, the company repurchased short term bonds in amount of PLN 217 000 thousand. Moreover BRE Bank Hipoteczny in Q2 2007 issued bonds amounting to PLN 2 432 thousand. In the same period the company repurchased bonds in amount of PLN 2 223 thousand.

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

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

8. Income and profit by business segment

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

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

The above indicated events did not occur in the Group.

10. The effect of changes in the structure of the entity in Q1, including business combinations, acquisitions or disposal of subsidiaries, and long-term investments, restructuring, and discontinuation of business activities

In Q1 2007 the above mentioned events in a significant scope for the Group did not occur.

11. Changes in Contingent Liabilities and Commitments

In Q2 2007 there were no changes in contingent liabilities and commitments of a credit nature, i.e., guarantees, letters of credit or unutilised loan amounts, other than resulting from current operating activities of the Group. There was no single case of granting of guarantees or any other contingent liability of any material value for the Group.

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

The above indicated events did not occur in the Group.

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

In Q2 2007 no significant impairment loss write-offs were recorded in relation to any tangible fixed assets intangible assets, and other assets, nor were any reversals on such account recorded within the Group.

14. Reversals of provisions against restructuring costs

The above indicated events did not occur in the Group.

15. Acquisitions and disposals of tangible fixed asset items

In Q2 2007 there were no material transactions of acquisition or disposal of any tangible fixed assets, except of tipical operations of Group entities performing leasing and real estate development activities.

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

The above indicated events did not occur in the Group.

17. Corrections of errors from previous reporting periods

In Q1 2007 there were no corrections of errors from previous reporting periods.

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

The above indicated events did not occur in the Group.

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

BRE Bank did not publish a performance forecast for 2007. The description of the business strategy and goals of the Bank published in current report no. 25/2007 is not a performance forecast in the sense of § 5.1.25 of the Regulation on current and periodic reports published by issuers of securities (Journal of Laws from 2005, No. 209, item 1744).

20. Registered share capital

The total number of ordinary shares as at 30 June 2007 was 29 564 034 shares (vs. 29 374 947 as at 30 June 2006) with PLN 4 nominal value each (PLN 4 in 2006). All issued shares were fully paid.

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REGISTERED SHARE CAPITAL								
Series / issue	Share type	Type of privilege	Type of limitation	Numebr of shares	Series / issue value	Paid up	Registered on	Dividend right since
1986-12-11	ordinary bearer	-	-	9 972 500	39 890 000	fully paid up in cash	23-12-86	01-01-89
1986-12-11	ordinary registered	-	-	27 500	110 000	fully paid up in cash	23-12-86	01-01-89
1993-10-20	ordinary bearer	-	-	2 500 000	10 000 000	fully paid up in cash	04-03-94	01-01-94
1994-10-18	ordinary bearer	-	-	2 000 000	8 000 000	fully paid up in cash	17-02-95	01-01-95
1997-05-28	ordinary bearer	-	-	4 500 000	18 000 000	fully paid up in cash	10-10-97	10-10-97
1998-05-27	ordinary bearer	-	-	3 800 000	15 200 000	fully paid up in cash	20-08-98	01-01-99
2000-05-24	ordinary bearer	-	-	170 500	682 000	fully paid up in cash	15-09-00	01-01-01
2004-04-21	ordinary bearer	-	-	5 742 625	22 970 500	fully paid up in cash	30-06-04	01-01-04
2003-05-21	ordinary bearer	-	-	2 355	9 420	fully paid up in cash	05-07-05*	01-01-05
2003-05-21	ordinary bearer	-	-	11 400	45 600	fully paid up in cash	05-07-05*	01-01-05
2003-05-21	ordinary bearer	-	-	37 164	148 656	fully paid up in cash	11-08-05*	01-01-05
2003-05-21	ordinary bearer	-	-	44 194	176 776	fully paid up in cash	09-09-05*	01-01-05
2003-05-21	ordinary bearer	-	-	60 670	242 680	fully paid up in cash	18-10-05*	01-01-05
2003-05-21	ordinary bearer	-	-	13 520	54 080	fully paid up in cash	12-10-05*	01-01-05
2003-05-21	ordinary bearer	-	-	4 815	19 260	fully paid up in cash	14-11-05*	01-01-05
2003-05-21	ordinary bearer	-	-	28 580	114 320	fully paid up in cash	14-11-05*	01-01-05
2003-05-21	ordinary bearer	-	-	53 399	213 596	fully paid up in cash	08-12-05*	01-01-05
2003-05-21	ordinary bearer	-	-	14 750	59 000	fully paid up in cash	08-12-05*	01-01-05
2003-05-21	ordinary bearer	-	-	53 320	213 280	fully paid up in cash	10-01-06*	10-01-06*
2003-05-21	ordinary bearer	-	-	3 040	12 160	fully paid up in cash	10-01-06*	10-01-06*
2003-05-21	ordinary bearer	-	-	46 230	184 920	fully paid up in cash	08-02-06*	08-02-06*
2003-05-21	ordinary bearer	-	-	19 700	78 800	fully paid up in cash	08-02-06*	08-02-06*
2003-05-21	ordinary bearer	-	-	92 015	368 060	fully paid up in cash	09-03-06*	09-03-06*
2003-05-21	ordinary bearer	-	-	19 159	76 636	fully paid up in cash	09-03-06*	09-03-06*
2003-05-21	ordinary bearer	-	-	8 357	33 428	fully paid up in cash	11-04-06*	11-04-06*
2003-05-21	ordinary bearer	-	-	800	3 200	fully paid up in cash	11-04-06*	11-04-06*
2003-05-21	ordinary bearer	-	-	108 194	432 776	fully paid up in cash	16-05-06*	16-05-06*
2003-05-21	ordinary bearer	-	-	20 541	82 164	fully paid up in cash	16-05-06*	16-05-06*
2003-05-21	ordinary bearer	-	-	17 000	68 000	fully paid up in cash	09-06-06*	09-06-06*
2003-05-21	ordinary bearer	-	-	2 619	10 476	fully paid up in cash	09-06-06*	09-06-06*
2003-05-21	ordinary bearer	-	-	33 007	132 028	fully paid up in cash	10-07-06*	10-07-06*
2003-05-21	ordinary bearer	-	-	2 730	10 920	fully paid up in cash	10-07-06*	10-07-06*
2003-05-21	ordinary bearer	-	-	48 122	192 488	fully paid up in cash	09-08-06*	09-08-06*
2003-05-21	ordinary bearer	-	-	700	2 800	fully paid up in cash	12-09-06*	12-09-06*
2003-05-21	ordinary bearer	-	-	3 430	13 720	fully paid up in cash	11-10-06*	11-10-06*
2003-05-21	ordinary bearer	-	-	38 094	152 376	fully paid up in cash	10-11-06*	10-11-06*
2003-05-21	ordinary bearer	-	-	15 005	60 020	fully paid up in cash	08-12-06*	08-12-06*
2003-05-21	ordinary bearer	-	-	800	3 200	fully paid up in cash	10-01-07*	10-01-07*
2003-05-21	ordinary bearer	-	-	200	800	fully paid up in cash	16-02-07*	16-02-07*
2003-05-21	ordinary bearer	-	-	1 150	4 600	fully paid up in cash	09-03-07*	09-03-07*
2003-05-21	ordinary bearer	-	-	9 585	38 340	fully paid up in cash	09-03-07*	09-03-07*
2003-05-21	ordinary bearer	-	-	600	2 400	fully paid up in cash	11-04-07*	11-04-07*
2003-05-21	ordinary bearer	-	-	32 964	131 856	fully paid up in cash	17-05-07*	17-05-07*
2003-05-22	ordinary bearer	-	-	2 700	10 800	fully paid up in cash	15-06-07*	15-06-07*
Total number of shares				29 564 034				
Total registered share capital					118 256 136			
Nominal value per share			4					

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

21. Material share packages

There was a change in the holding of material share packages of BRE Bank SA from the publication of the previous quarterly report.

Commerzbank Auslandsbanken Holding AG is a shareholder holding over 5% of the share capital and votes at the General Meeting. As at 31 March 2007 Commerzbank Auslandsbanken Holding AG held 70.08% of the share capital and votes at the General Meeting of BRE Bank SA (as at 31 December 2006 – 70.20%).

Moreover, Bank was informed in BZ WBK AIB Asset Management SA's advice note dated May 24, 2007 on going beyond 5 % of votes at the General Meeting of BRE Bank SA. On May 22, 2007 there were 1 486 325 shares of BRE Bank SA on debt securities accounts, based on the agreements on management, of BZ WBK AIB Asset Management S.A.'s clients. The shares represented 5,028 % of share capital and votes at the General Meeting of BRE Bank SA.

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

	Number of shares held as at the date of publishing the report for the Q1 2007	Number of shares acquired in Q2 2007	Number of shares sold in Q2 2007	Number of shares held as at the date of publishing the report for the Q2 2007
Management Board				
1. Sławomir Lachowski	100	7 888	7 888	100
2. Bernd Loewen	-	-	-	-
3. Rainer Ottenstein	-	-	-	-
4. Jerzy Jóźkowiak	1 374	-	-	1 374
5. Wiesław Thor	-	9 018	9 018	-
6. Janusz Wojtas	-	-	-	-

	Number of options held as at the date of publishing the report for the Q1 2007	Number of options acquired in Q2 2007	Number of options realised in Q2 2007	Number of options held as at the date of publishing the report for the Q2 2007
Management Board				
1. Sławomir Lachowski	7 888	7 888	7 888	7 888
2. Jerzy Jóźkowiak	-	5 609	-	5 609
3. Bernd Loewen	-	5 609	-	5 609
4. Rainer Ottenstein	-	5 609	-	5 609
5. Wiesław Thor	9 018	5 609	9 018	5 609
6. Janusz Wojtas	11 218	5 609	11 218	5 609

23. Earnings per share (stand alone data)

Earnings per share for 6 months

the period	from 01.01.2007 to 30.06.2007	from 01.01.2006 to 30.06.2006
Basic:		
Net profit (loss)	422 224	119 125
Weighted average number of ordinary shares	29 535 896	29 220 150
Net basic profit (loss) per share (in PLN per share)	**14.30**	**4.08**
Diluted:		
Net profit (loss)	422 224	119 125
Net profit (loss) applied for calculation of diluted earnings per share	422 224	119 125
Weighted average number of ordinary shares in issue	29 535 896	29 220 150
Adjustments for:		
- stock options for employees (in thousand PLN)	126 098	192 425
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 661 994	29 412 575
Diluted earnings per share (in PLN per share)	**14.23**	**4.05**

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

As at 30 June 2007, BRE Bank was not involved in any proceedings before a court, arbitration body, or public administration authority concerning liabilities of the Bank or its subsidiaries which value would be equal to or greater than 10% of the Group's equity. The total value of claims concerning liabilities of the Bank or its subsidiaries in all proceedings before a court, an arbitration body or a public administration authority underway at 30 June 2007 was PLN 401 628 thousand, equal to 14,02 % of the issuer's equity. Below is a report on major proceedings concerning liabilities of the Bank or its subsidiaries.

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

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

Proceedings for the claims were also opened against BRE Bank SA in the Court of Jerusalem, Israel, and the value of the dispute is USD 43.4 million (PLN 121.5 million according to the average exchange rate of the National Bank of Poland on 30 June 2007). In these proceedings, BRE Bank SA assists the main defendant, Bank Leumi Le Israel. BRE Bank SA's liability is under recourse, and depends on whether the court grants ART-B's claims against Bank Leumi. Only then will the court consider Bank Leumi's claims against BRE Bank SA. The Israeli proceedings are still at the pre-trial stage (prior to the first hearing). Bank Leumi and ART-B have come to an agreement concerning arbitration. For reasons of procedure, BRE Bank SA has joined the process, which does not imply its acceptance of the claims or readiness to make a settlement. The probability of dismissal of the claims against BRE Bank SA by the court in Israel has increased considerably in connection with the decision of the Polish court in favour of BRE Bank SA.

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

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

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

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

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

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

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

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As at 30 June 2007, the Bank was not involved in any proceedings before a court, arbitration body, or public administration authority concerning receivables of the issuer or its subsidiaries whose value would be equal to or greater than 10% of the issuer's equity. The total value of claims concerning receivables of the issuer or its subsidiaries in all proceedings before a court, an arbitration body or a public administration authority underway at 30 June 2007 did not go beyond 10 % of the issuer's equity.

Contingent commitments of DI BRE due to Investor Compensation Scheme

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

The tax authorities have not carried out any full-scope tax audits at the Bank or its subsidiaries in Q2 2007 and in Q2 2006.

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

25. Off-balance Sheet Liabilities

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

Consolidated data

as at	30.06.2007	31.12.2006	30.06.2006
Contingent liabilities granted and received	**16 595 290**	**15 318 164**	**12 730 729**
Liabilities granted	**13 959 358**	**14 254 978**	**11 001 472**
- financing	11 395 711	10 957 503	8 753 900
- guarantees	2 321 335	2 269 108	1 968 445
- other	242 312	1 028 367	279 127
Liabilities received	**2 635 932**	**1 063 186**	**1 729 257**
- financing	1 962 284	117 865	563 589
- guarantees	673 648	945 321	1 165 668
Liabilities arising from purchase / sale operations	**641 934 457**	**541 501 749**	**506 225 321**
Total off-balance-sheet items	**658 529 747**	**556 819 913**	**518 956 050**

Stand-alone data

as at	30.06.2007	31.12.2006	30.06.2006
Contingent liabilities granted and received	**16 081 582**	**14 694 804**	**13 450 887**
Liabilities granted	**14 212 689**	**13 878 292**	**12 494 949**
- financing	10 310 569	9 974 986	8 073 271
- guarantees	3 902 120	3 903 306	4 421 678
- others	242 312	255 889	279 127
Liabilities received	**1 868 893**	**816 512**	**955 938**
- financing	1 354 223	651	196 131
- guarantees	514 670	815 861	759 807
Liabilities arising from purchase / sale operations	**642 958 411**	**542 547 690**	**506 628 652**
Total off-balance-sheet items	**659 039 993**	**557 242 494**	**520 079 539**

26. Transactions with Related Entities

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

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

- On 1 st June 2007 BRE Leasing entered into loan agreement with Commerzbank AG, Branch in Prague. An amount of the loan was TPLN 500 000. This was a long-term multicurrency loan to be used up by 1 st June 2008. The loan is to be repaid until May 31, 2012.
  Interest on the loan was based on the base rate applicable to the currency being drawn and the interest period selected, increased by margin of Commerzbank AG, Branch in Praque, which is:
  - for PLN – WIBOR 2W, 1M, 3M, 6M,
  - for EUR – EURIBOR 2W, 1M, 3M, 6M,
  - for CHF – CHF LIBOR 2W, 1M, 3M, 6M.

- On 29 th June 2007 BRE Bank SA (Bank) entered into loan agreement with Commerzbank AG. Bank will get a loan in the amount of TCHF 500 000 (PLN 1 136 500 000 at average rate of exchange published by National Bank of Poland as at 29 th June 2007) for the purposes of fulfilling general financial needs of Bank. The loan is granted for 3 years, interest rate 0,155 % p.a. plus LIBOR.

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

Numerical data concerning transactions with affiliated entities (in thousand PLN) - 30 June 2007

No.	Company's name	Balance sheet		Income Statement				Off balance sheet		
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received	Purchase/Sale commitments
	Subsidiaries									
1	BRE Bank SA	1 017 678	2 379 604	18 533	(45 259)	8 215	(6 509)	0	1 847 311	1 964 877
2	BRE Corporate Finance SA	3 113	0	0	0	0	0	1 000	0	0
3	Dom Inwestycyjny BRE Bank SA	680 075	467	10 493	0	3 575	(8 206)	70 000	0	0
4	BRE Bank Hipoteczny SA	19 021	286 508	0	(3 095)	0	0	17 379	0	1 964 877
5	PTE Skarbiec Emerytura SA	6 830	0	0	0	0	0	0	0	0
6	BRE Wealth Management SA (dawniej Skarbiec Investment Management SA)	3 442	0	0	0	0	0	0	0	0
7	BRE Leasing Sp. z o.o.	18 901	209 785	0	(5 021)	0	0	24 999	0	0
8	Polfactor S.A.	0	319 083	0	(6 229)	0	0	74 708	0	0
9	Intermarket Bank AG	0	105 442	0	(2 082)	0	0	0	0	0
10	Centrum Rozliczeń i Informacji CERI Sp. z o.o.	7 868	0	0	0	0	0	0	0	0
11	BRE Finance France SA	1 626 805	0	34 563	0	0	0	1 628 349	0	0
12	Garbary Sp. z o.o.	0	0	0	0	0	0	29 500	0	0
13	BRE.locum Sp. z o.o.	6 626	41 794	0	0	0	0	0	0	0
14	Tele-Tech Investment Sp. z o.o.	0	46 775	0	(2 105)	0	0	0	0	0
15	EMFINANSE Sp. z o.o.	0	5 824	0	0	2 934	0	1 376	0	0
16	ServicePoint Sp. z o.o.	747	500	8	0	0	(2)	0	0	0
17	FAMCO SA	0	0	69	0	0	(2)	0	0	0
18	BRELINVEST Sp. z o.o. Fly 2 Sp. komandytowa	7	0	3	0	0	0	0	0	0
19	BREL-MAR Sp. z o.o.	1	0	0	0	0	0	0	0	0
20	AMBRESA Sp. z o.o.	837	0	0	0	0	0	0	0	0
21	BRE Ubezpieczenia Sp. z o.o.	2 649	0	42	0	0	0	0	0	0
22	BRE Ubezpieczenia TU SA	2 679	1 500	81	(1)	0	(2)	0	0	0
	Associated									
1	Xtrade SA	3	0	0	0	0	(3)	0	0	0
	Commerzbank AG Group	91 030	6 686 506	12 478	(88 933)	0	0	151 935	1 531 802	0

Numerical data concerning transactions with affiliated entities (in thousand PLN) - 31 December 2006

No.	Company's name	Balance sheet		Income Statement				Off balance sheet		
		Receivables	Liabilities	Interest income	Interest expense	Commission income	Commission expense	Commitments granted	Commitments received	Purchase/Sale commitments
	Subsidiaries									
1	BRE Bank SA	940 030	2 101 385	35 123	(88 135)	18 079	(2 586)	1 989 283	0	1 884 928
2	BRE Corporate Finance SA	0	0	0	0	0	0	0	2 000	0
3	Dom Inwestycyjny BRE Bank SA	353 052	3 016	10 809	0	2 586	(9 264)	0	70 000	0
4	BRE Bank Hipoteczny SA	23 113	201 874	0	(4 947)	0	0	0	17 775	1 884 928
5	PTE Skarbiec Emerytura SA	10 250	0	0	0	0	0	0	0	0
6	Skarbiec Asset Management Holding SA	16 353	7 797	0	0	0	(8 710)	0	60 417	0
7	BRE Wealth Management SA (dawniej Skarbiec Investment Management SA)	4 056	0	0	0	0	0	0	0	0
8	BRE Leasing Sp. z o.o.	18 832	249 460	0	(8 838)	0	0	0	1 532	0
9	Polfactor S.A.	0	242 538	0	(9 358)	0	0	0	151 993	0
10	Intermarket Bank AG	0	107 274	0	(3 014)	0	0	0	0	0
11	Centrum Rozliczeń i Informacji CERI Sp. z o.o.	9 244	0	0	0	0	0	0	0	0
12	BRE Finance France SA	1 655 717	0	76 998	0	0	0	0	1 657 350	0
13	Garbary Sp. z o.o.	0	0	0	0	0	0	0	0	0
14	BRE.locum Sp. z o.o.	2 375	56 730	0	(2 302)	0	0	0	23 000	0
15	ServicePoint Sp. z o.o.	822	0	4	0	0	(3)	0	0	0
16	FAMCO SA	3 850	0	144	0	0	(4)	0	0	0
17	BRELINVEST Sp. z o.o. Fly 2 Sp. komandytowa	19	0	6	0	0	(1)	0	0	0
18	BRELIM Sp. z o.o.	13	0	0	(49)	0	(1)	0	0	0
19	BREL-MAR Sp. z o.o.	3	0	0	0	0	(1)	0	0	0
20	BREL-RES Sp. z o.o.	205	16 253	121	(2 528)	0	(27)	0	0	0
21	AMBRESA Sp. z o.o.	866	0	2	0	0	(2)	0	0	0
22	EMFINANSE Sp. z o.o.	11	6 385	2	(88)	0	(57)	0	5 216	0
23	BRE Ubezpieczenia Sp. z o.o.	2 516	0	47	0	0	(2)	0	0	0
24	Tele-Tech Investment Sp. z o.o.	0	48 703	0	(3 997)	0	0	0	0	0
	Associated									
1	Xtrade SA	88	0	2	(2)	0	(7)	0	0	0
	Commerzbank AG Group	536 360	6 274 002	13 036	(128 374)	0	0	197 869	204 986	0

Numerical data concerning transactions with affiliated entities (in thousand PLN) - 30 June 2006

No.	Company's name	Balance sheet		Income Statement				Off balance sheet		
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received	Purchase/Sale commitments
	Subsidiaries									
1	BRE Bank SA	995 817	2 981 903	15 111	(42 581)	9 872	(1 603)	2 991 603	0	1 067 370
2	BRE Corporate Finance SA	274	0	13	0	0	(20)	0	2 635	0
3	Dom Inwestycyjny BRE Bank SA	293 893	29 335	4 345	(292)	1 563	(5 099)	0	50 535	0
4	BRE Bank Hipoteczny SA	23 542	267 706	363	(1 442)	0	0	0	83 285	1 067 370
5	PTE Skarbiec Emerytura SA	25 284	0	84	0	0	(4)	0	0	0
6	Skarbiec Asset Management Holding SA	38 723	969	267	(71)	40	(4 226)	0	60 679	0
7	BRE Leasing Sp. z o.o.	20 321	286 695	275	(4 416)	0	0	0	4 128	0
8	Polfactor S.A.	1 316	216 803	0	(4 023)	0	(213)	0	179 809	0
9	Intermarket Bank AG	0	113 704	0	(1 229)	0	0	0	0	0
10	Centrum Rozliczeń i Informacji CERI Sp. z o.o.	8 088	222	128	0	0	0	0	0	0
11	BRE Finance France SA	2 555 022	400	36 930	0	0	0	0	2 558 930	0
12	Tele-Tech Investment Sp. z o.o.	108	0	12	0	0	(3)	0	0	0
13	Garbary Sp. z o.o.	6 088	30 110	85	(1 149)	0	(271)	0	50 000	0
14	BRE.locum Sp. z o.o.	567	48 465	2	(2 433)	0	0	0	5	0
15	ServicePoint Sp. z o.o.	39	1 404	2	(5)	0	(26)	0	1 597	0
16	FAMCO SA	78	0	1	0	0	(1)	0	0	0
17	BRELINVEST Sp. z o.o. Fly 2 Sp. komandytowa	3 884	0	68	0	0	(2)	0	0	0
18	BRELIM Sp. z o.o.	7	0	3	0	0	0	0	0	0
19	BREL-MAR Sp. z o.o.	27	0	0	(49)	0	(1)	0	0	0
20	AMBRESA Sp. z o.o.	4	0	0	0	0	0	0	0	0
21	EMFINANSE Sp. z o.o.	526	0	1	0	0	(3)	0	0	0
22	BRE Ubezpieczenia Sp. z o.o.	4 001	0	1	0	0	0	0	0	0
	Associated									
1	Xtrade SA	111	4	1	(2)	0	(3)	0	0	0
	Commerzbank AG Group	160 523	3 827 950	5 635	(47 549)	0	0	3 198 131	0	0

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

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

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

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

29. Factors affecting the results in the coming quarter

Other than the day-to-day operations of the Bank and the companies of the Group, no events that might significantly affect the results of the quarter are expected to occur in Q3 2007.