BRE BANK SA

BRE Bank SA Group

IFRS Consolidated Financial Statements
for the second quarter of 2008

Contents

Selected financial data

SELECTED FINANCIAL DATA FOR THE GROUP		in PLN '000		in EUR '000	
		II quarters of 2008 from 01-01-2008 to 30-06-2008	II quarters of 2007 from 01-01-2007 to 30-06-2007	II quarters of 2008 from 01-01-2008 to 30-06-2008	II quarters of 2007 from 01-01-2007 to 30-06-2007
I.	Interest income	1 599 294	1 040 598	459 884	270 384
II.	Fee and commission income	458 277	408 010	131 780	106 015
III.	Net trading income	254 466	258 282	73 173	67 111
IV.	Operating profit	653 803	530 605	188 004	137 870
V.	Profit before income tax	721 001	530 605	207 327	137 870
VI.	Net profit attributable to minority interest	24 092	15 753	6 928	4 093
VII.	Net profit	640 325	403 866	184 128	104 938
VIII.	Net cash flows from operating activities	(36 351)	(2 074 402)	(10 453)	(539 002)
IX.	Net cash flows from investing activities	120 883	40 231	34 760	10 453
X.	Net cash flows from financing activities	3 520 410	776 149	1 012 310	201 670
XI.	Net increase / decrease in cash and cash equivalents	3 604 942	(1 258 022)	1 036 618	(326 878)
XII.	Total assets	64 702 164	48 933 628	19 289 894	12 994 218
XIII.	Amounts due to the Central Bank	-	-	-	-
XIV.	Amounts due to other banks	16 466 677	8 988 762	4 909 271	2 386 946
XV.	Amounts due to customers	36 375 648	29 305 716	10 844 806	7 782 069
XVI.	Capital and reserves attributable to the Company's equity holders	3 798 085	3 023 655	1 132 337	802 925
XVII.	Minority interest	131 699	97 216	39 264	25 815
XVIII.	Share capital	118 752	118 256	35 404	31 403
XIX.	Number of shares	29 687 937	29 564 034	29 687 937	29 564 034
XX.	Book value per share (in PLN/EUR per share)	127.93	102.27	38.14	27.16
XXI.	Diluted book value per share (in PLN/EUR per share)	127.91	101.84	38.13	27.04
XXII.	Capital adequacy ratio	9.23	10.44	9.23	10.44
XXIII.	Earnings on continued operations per 1 ordinary share (in PLN/EUR per share)	19.00	11.16	5.46	2.90
XXIV.	Diluted earnings on continued operations per 1 ordinary share (in PLN/EUR per share)	19.00	11.12	5.46	2.89
XXV.	Declared or paid dividend per share (in PLN/EUR per share)	-	-	-	-

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

SELECTED FINANCIAL DATA FOR THE BANK		in PLN'000		in EUR'000	
		II quarters of 2008 from 01-01-2008 to 30-06-2008	II quarters of 2007 from 01-01-2007 to 30-06-2007	II quarters of 2008 from 01-01-2008 to 30-06-2008	II quarters of 2007 from 01-01-2007 to 30-06-2007
I.	Interest income	1 280 222	818 613	368 134	212 704
II.	Fee and commission income	341 479	272 228	98 194	70 734
III.	Net trading income	242 879	250 613	69 841	65 118
IV.	Operating profit	695 726	509 918	200 059	132 494
V.	Profit before income tax	695 726	509 918	200 059	132 494
VI.	Net profit	660 072	422 224	189 807	109 708
VII.	Net cash flows from operating activities	308 153	(1 394 541)	88 611	(362 350)
VIII.	Net cash flows from investing activities	237 579	116 433	68 317	30 253
IX.	Net cash flows from financing activities	2 911 920	25 831	837 336	6 712
X.	Net increase / decrease in cash and cash equivalents	3 457 652	(1 252 277)	994 264	(325 385)
XI.	Total assets	56 169 671	42 371 546	16 746 071	11 251 672
XII.	Amounts due to the Central Bank	-	-	-	-
XIII.	Amounts due to other banks	11 119 855	5 488 890	3 315 203	1 457 563
XIV.	Amounts due to customers	35 976 721	30 390 913	10 725 872	8 070 241
XV.	Equity	3 580 918	2 865 667	1 067 592	760 972
XVI.	Share capital	118 752	118 256	35 404	31 403
XVII.	Number of shares	29 687 937	29 564 034	29 687 937	29 564 034
XVIII.	Book value per share (in PLN/EUR per share)	120.62	96.93	35.96	25.74
XIX.	Diluted book value per share (in PLN/EUR per share)	120.59	96.52	35.95	25.63
XX.	Capital adequacy ratio	9.41	10.95	9.41	10.95
XXI.	Earnings per 1 ordinary share (in PLN/EUR per share)	22.25	14.30	6.40	3.71
XXII.	Diluted earnings per 1 ordinary share (in PLN/EUR per share)	22.24	14.23	6.40	3.70
XXIII.	Declared or paid dividend per share (in PLN/EUR per share)	-	-	-	-

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

- for balance sheet items – an exchange rate announced by the National Bank of Poland as at 30 June 2008 – 1 EUR = 3.3542 PLN and an exchange rate announced by the National Bank of Poland as at 30 June 2007 – 1 EUR = 3.7658 PLN.

- for profit and loss account items – an exchange rate calculated as the arithmetic mean of exchange rates announced by the National Bank of Poland as at the end of each month of the first and the second quarter of 2008 and 2007: 1 EUR = 3.4776 PLN and 1 EUR = 3.8486 PLN respectively.

Introduction

The profit attributable to the shareholders of the holding company of the BRE Bank Group was PLN 640.3 million net (PLN 721.0 million before tax) at the end of June 2008, compared to PLN 403.9 million (PLN 530.6 million before tax) in H1 2007.

The profit before tax was up by PLN 190.4 million, i.e., 35.9% year on year, mainly driven by the profit on continued operations, up by PLN 205.7 million (+47.1%); meanwhile, the profit on discontinued operations was down by PLN 15.3 million year on year. The profit on discontinued operations at PLN 94.2 million in 2007 was largely driven by the profit on the sale of the subsidiary SAMH (PLN 89.5 million); by comparison, the profit on discontinued operations at PLN 78.9 million in 2008 mainly included the result of the merger of the subsidiary PTE Skarbiec-Emerytura with PTE Aegon stated in the BRE Bank Group's accounts at PLN 67.2 million.

Positive trends in profitability of the core business continued in Q2 2008; these included growth of the net interest and commission income. Meanwhile, as the economic and financial market climate declined, the growth rate of the trading income fell, other operating income (including income on property sold by BRE.locum) grew by a relatively lower rate, and risk cost write-offs increased. As a result, the profit before tax net of the profit on equity transactions (Vectra in Q1, PTE in Q2) fell from PLN 289.9 million in Q1 2008 to PLN 226.3 million in Q2 2008.

The high profitability of business demonstrated by the results of 2008 combined with a strict cost discipline helped to improve the profitability and effectiveness ratios year on year. The return on equity of the BRE Bank Group (profit before tax on continued and discontinued operations to average equity net of the profit of the period) was 44.1% in H1 2008, compared to 40.7% in H1 2007 (ROE before tax for continued operations at 39.2% in H1 2008 and 33.5% in H1 2007).

Capital transactions made a similar contribution to profits in H1 2008 and H1 2007. The profits of 2008 included the sale of shares of Vectra SA at a profit of PLN 137.7 million in 2008 and the merger of the subsidiary PTE Skarbiec-Emerytura with PTE Aegon stated in the BRE Bank Group's accounts at PLN 67.2 million. The profits of 2007 included the sale of SAMH at PLN 89.5 million. The return on equity (profit before tax) net of the impact of one-off transactions in both periods was similar, at 31.5% in 2008 and 33.8% in 2007.

The Group's cost/income ratio including discontinued operations (CIR measured as overhead costs and amortisation/depreciation to income including net other operating income and cost) was 47.5% in H1 2008, compared to 53.4% in H1 2007. The CIR net of the one-off transactions was 55% in H1 2008, 3 percentage points lower than in H1 2007.

The main drivers of the financial results included:

1. 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 grew by 36.7% (around PLN 11 billion) year on year, and its percentage share in the balance sheet total grew to 61.3% at the end of June 2008r. These trends were reflected in the steady growth of income on regular business.
2. Significant growth in fx trading with customers enabling to grow the fx income.
3. Deteriorating financial market situation in Q2 2008, resulting in falling prices of securities and consequently falling income on the valuation of securities recorded under other trading income.
4. Significant contribution of the subsidiaries to the Group's results. The accounting profit before tax generated by the Group subsidiaries (including both continued and discontinued operations) amounted to PLN 155.4 million, compared to PLN 117.6 million in H1 2007, up by 32%.
5. Strict cost discipline, both at the Bank and the subsidiaries.
6. Continued high quality of the loans portfolio resulting in relatively low credit and loans impairment provisions charged to the costs of the Group. However, the charge grew year on year due to the Bank's unusually positive figure of net provisions after considerable release of provisions in H1 2007.

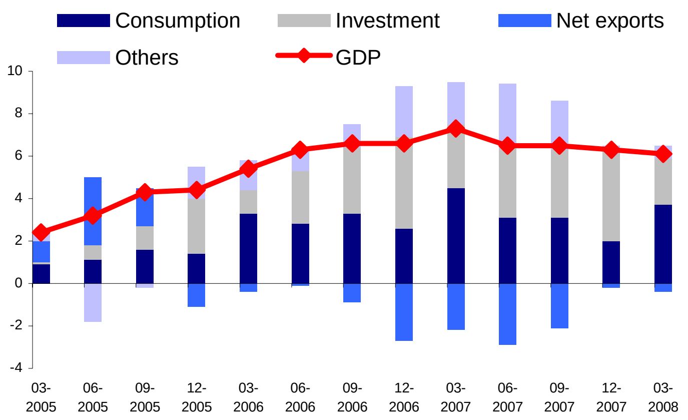
Macroeconomics in Q2 2008

GDP

Macroeconomic data published in Q2 2008 indicate a gradual fall of the rate of economic growth. The GDP growth rate in Q1 2008 was 6.1%, much lower than in Q1 2007 (7.3%) and lower than in 2007 (6.6%). The fall of the GDP growth rate would have been even sharper, had it not been for strong growth of private consumption and some growth of inventories. The growth rate of private consumption went up from 3.6% in Q4 2007 to 5.6% in Q1 2008, which largely offset the negative impact of the falling growth rate of investments and the decrease of collective consumption.

Although the growth rate of investments remained relatively high (15.7% in Q1 2008), the gradual fall of the growth rate can be seen as a major threat to the outlook of Poland's economic growth. Lower investment demand was a result of the declining economic climate, rising costs, a falling growth rate of corporate profits, a weaker outlook for exports (also due to the strong appreciation of the zloty) and rising interest rates. The inflow of foreign direct investments is also falling gradually.

GDP Growth Rate (percentage points)

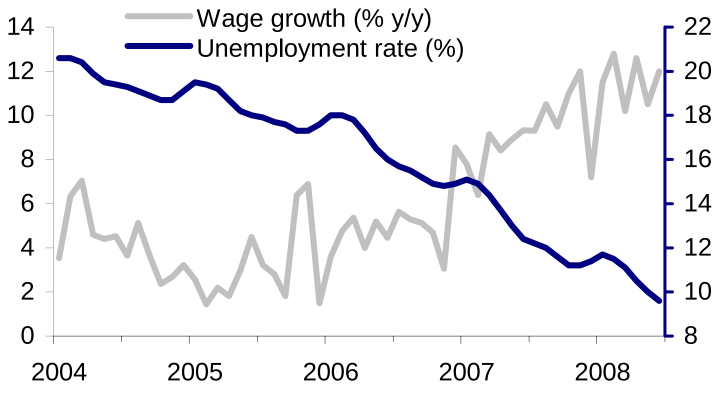


The GDP growth rate is falling also due to the prevailing negative contribution of net exports; however, thanks to relatively high growth of exports, the contribution was less negative than expected in Q1 2008 (-0.4 percentage point). Other symptoms of the declining economic climate include the falling growth rate of industrial output (8.5% YoY in H1 2008 compared to 10.7% in H1 2007) and a modestly lower growth rate of retail sales.

Labour Market

Wage and employment growth statistics indicate prevailing tensions in the labour market. In Q1 2008, employment in the national economy grew by 4.3% YoY while wages grew by 10.1% YoY on average. As a result, total wages paid grew by close to 15% YoY, a rate much higher than the GDP and the added value growth rate. Statistics from the corporate sector alone indicate that strong wage pressure continued in Q2 2008 (average wages up by 12.0% YoY in June) while the growth rate of employment was falling gradually. Employment in the corporate sector remained stable in Q2 2008 (up by only 7 thousand employees), and as a result the YoY growth rate fell from 5.8% at the end of March 2008 to 4.8% at the end of June 2008.

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



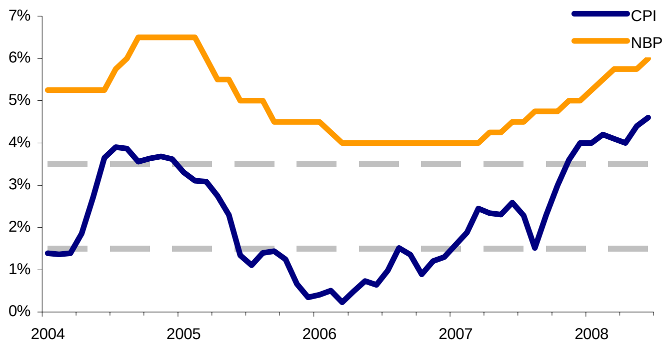
Strong demand for labour results in further fall of the unemployment rate. According to preliminary estimates of the Ministry of Labour and Social Policy, the official unemployment rate fell to 9.6% in June; the rate was under 10% for the first time since 1998.

The unemployment rate calculated on the basis of surveys of economic activity of the population (BAEL) fell to 8.1% in Q1 2008; the unemployment rate estimated by Eurostat based on the same data fell to 7.5% in May. This is very close to the average unemployment rate in the eurozone (7.2%) and in the EU (6.8%).

Inflation and NBP Interest Rates

Inflation tensions continued to increase in Q2 2008. The CPI grew from 4.1% YoY in March to 4.6% YoY in June. This means that the consumer price index remained above the ceiling of the band of deviation from the NBP target within the third consecutive quarter. The growing CPI in Q2 was mainly driven by prevailing high food prices (up by 1.6% QoQ and by 7.1% YoY) and fuel prices (up by 5.8% QoQ and by 6.8% YoY) as well as deregulation of electricity and gas prices. This resulted in total growth of energy prices by 2.7% QoQ and 9.0% YoY. Due to the heavy weight of this factor, in June 2008 NBP started to publish a new core inflation measure, excluding food and energy prices. In May, core inflation was 2.1% YoY while net core inflation (excluding food and fuel prices) was 3.2% YoY. This suggests that the demand components of inflation had a moderate impact on consumer price growth. However, the new core inflation measure exhibits a negative trend: while it was negative in H1 2006, it will approach 4% in 2009 according to NBP projections.

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



Continued growth of the CPI and concerns with the second-round effects prompted the Monetary Policy Council (RPP) to continue tightening its monetary policy. At the end of June 2008, RPP decided to hike the NBP reference rate to 6%, the eighth rise in the cycle. In its decision, RPP declared to wait with further interest rate changes for more information giving a full picture of the inflation landscape. However, financial instrument prices already discount expected further interest rate hikes.

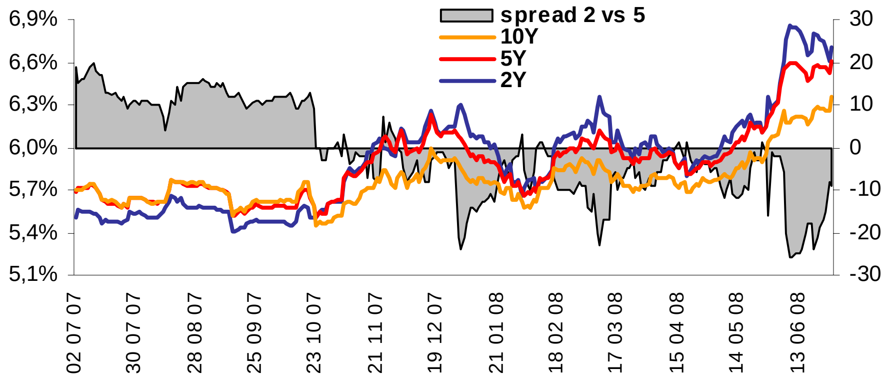
Situation on Financial Markets

The volatility of the financial markets started in mid-2007 continued in Q2 2008. It is increasingly affecting the global economy. Recession remains a real threat to the US economy and Europe shows increasing symptoms of economic slow-down (especially Denmark, Ireland and Spain). In April 2008, the US Fed cut the interest rates by 25 bp (to 2%) in what was probably the last cut in the cycle. As a result of a growing disparity of interest rates and a deteriorating outlook of the US economy, the dollar continued to fall, coming close to 1.60 to the euro repeatedly.

The trends intensified after the European Central Bank (ECB) announced a change of the monetary policy bias in June 2008. The change was substantiated with a hike of the ECB reference rate to 4.25% in early July. The hike was mainly justified by the goal of curbing inflation expectations and preventing second-round effects. In spite of symptoms of a weaker economic climate in the eurozone, inflation pressure remained strong: HICP (harmonised index of consumer prices) was 4.0% in June 2008, its all-time high since the adoption of the common currency.

The US dollar was also weak against the Polish currency. PLN stood at 2.10 to the dollar at the end of Q2 2008 (the strongest rate since 1993) and continued to strengthen in July. The zloty also appreciated against the euro and stood at 3.35 at the end of Q2 (its all-time high). The main drivers of the appreciation of the zloty included expectations of Polish interest rate hikes. Although RPP only raised the reference rate once in Q2, the yields on the interest rate market grew much more sharply (especially at the short end of the yield curve). As a result, money market prices were above long-term Treasury bonds yields for the first time since mid-2006. Due to growing uncertainty about inflation and RPP policy, the yield curve grew steeper, which may reflect the postponed expectations of Polish interest rate reductions.

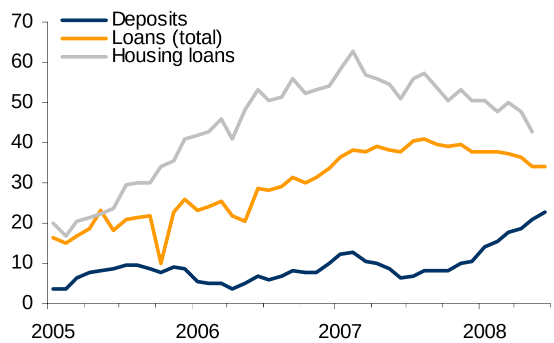
2Y, 5Y, 10Y Bond Yields and 2Y/5Y Spread



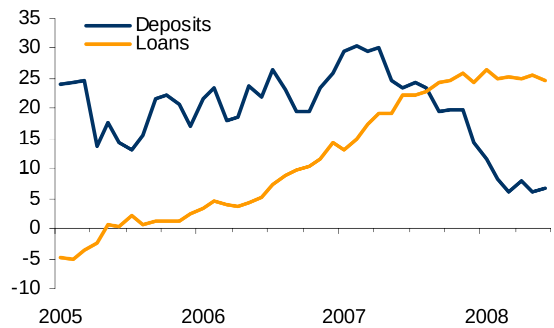
Banking Sector

Money supply accelerated sharply in Q2, from 13.6% YoY at the end of Q1 2008 to 16.2% YoY at the end of June. This was mainly driven by very fast growth of household deposits. They grew by close to PLN 30 billion year to date, and by a record-high 22.6% YoY at the end of Q2 2008. This was mainly a result of reallocation of assets from the capital market, although the growth of deposits was also driven by rising interest rates and fast growing wages and other household income. Investment fund shares redemptions were the highest in Q1 2008; as a result, the QoQ growth of household deposits was close to 8.5% in Q1. In Q2, household deposits only grew by less than PLN 6 billion; this suggests that following the readjustment of asset structure and the disappearance of the effect of the low comparative basis, the growth rate of household deposits will fall.

Households



Corporates



While corporate deposits grew in Q2 (by around PLN 4 billion), they were still down by PLN 5.6 billion year to date at the end of June 2008. The YoY growth of corporate deposits was 6.8% at the end of Q2 2008. Due to declining financial results of companies (affected by the fast growth of wages, commodity prices, and other costs), the growth rate of corporate deposits is unlikely to rise significantly in the coming quarters.
Companies are increasingly prone to invest their own funds due to restricted access to bank loans. While the growth rate of loans and advances to non-financial companies remained close to 25% YoY in June 2008, it hardly grew over the past year. The growth rate of household loans was stable in June 2008 (at around 34% YoY) but it was down by around 3 percentage points QoQ. The gradual decrease of the growth rate of household loans since mid-2007 was mainly driven by the falling growth rate of house loans. The growth rate of all loans and advances to non-financial clients went down to 27.6% at the end of Q2 2008 but was almost 10 percentage points higher than the growth rate of liabilities to clients. This means that banks were forced to finance the growth of loans by attracting more deposits and looking for other sources of funding.

Key Drivers of the BRE Bank Group's Performance in Q2 2008

Balance Sheet

The BRE Bank Group's balance sheet total was PLN 64.7 billion at 30 June 2008, up by 32.2% year on year and up by 6.7% quarter on quarter.

Credits and loans grew the fastest in nominal terms, by PLN 10.6 billion, i.e., 36.7% year on year. High growth was reported for both retail loans and corporate loans thanks to the continued upturn in the market. The retail loans portfolio grew by PLN 6.6 billion, i.e., 62.8% in nominal terms year on year while the corporate loans portfolio grew by PLN 4.1 billion, i.e., 22.8% in nominal terms year on year.

The growth rate of loans was 6.5% (PLN 2.4 billion) in Q2 2008, mainly driven by retail loans (up by PLN 1.9 billion or 12.5%) while corporate loans grew less dynamically (PLN 0.5 billion, i.e., 2.4%).

Advances and loans to banks more than doubled year on year (up by ca. PLN 2.4 billion) but they fell by around 24% (PLN 1.5 billion) quarter on quarter. Trading securities fell modestly year on year (by around PLN 0.2 billion) and grew quarter on quarter (up by ca. PLN 0.6 billion) while investment securities grew by a similar rate, i.e., by PLN 1.2 billion or (30%) year on year and by 6.3% (PLN 0.3 billion) quarter on quarter. As a result, liquid assets (cash with the central bank, advances and loans to banks, securities) remained stable throughout the period, ensuring high safety of the business. However, the structure of liquid assets changed. The change occurred at the Bank as a result of management of the balance sheet structure in view of liquidity and capital adequacy risks in relation to the profitability of business.

Amounts due to clients, the Group's major source of funding, were up by 24.1%, i.e., PLN 7.1 billion in nominal terms year on year, reaching PLN 36.4 billion at the end of June 2008, close to 60% of total liabilities. The growth rate of amounts due to clients was modestly higher in Q2 2008 (8.2%) than in Q1 2008, up by PLN 2.8 billion in nominal terms.

Credit lines, issues of bonds, and subordinated debt were supplementary sources used to finance the growth in assets in the reporting period.

Liabilities to other banks grew by PLN 7.5 billion (83.2%) year on year, mainly thanks to obtained credit lines in the Swiss franc used to finance the growing portfolio of housing loans granted mainly in the Swiss franc. Long-term and mid-term credit lines obtained by the Bank grew by around PLN 5 billion year on year. Credit lines obtained by the Bank grew by PLN 0.8 billion in Q2 2008, resulting in a 10% growth in the Group's liabilities to banks.

The share of equity in sources of funding was stable in the period, modestly above 6% of the balance sheet total.

The capital adequacy ratio was 9.23% at the end of June 2008, compared to 10.44% at the end of June 2007 and 9.48% at the end of March 2008. The ratio decreased year on year despite a large growth of own funds, driven through the retention of the 2007 profit, mainly due to the inclusion of the operational risk requirement in the Group's total capital requirement for the first time, in line with new external regulations. In addition, the credit risk capital requirement grew by over 30% due to dynamic growth of lending.

As a result, the capital requirement grew from PLN 2.7 billion at the end of June 2007 to PLN 3.7 billion at the end of Q1 2008 and PLN 3.8 billion at 30 June 2008. The Group's own funds were PLN 4.4 billion at the end of June 2008, compared to PLN 3.5 billion at the end of June 2007 and PLN 4.3 billion at the end of March 2008.

Profit and Loss Account

The BRE Bank Group generated a profit before tax of PLN 721.0 million in H1 2008, up by 35.9% year on year.

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

The consolidated profit before tax of the continued operations grew by 47.1%, i.e., PLN 205.7 million in H1 2008 and was PLN 642.1 million. Net of the one-off transaction of sale of shares of Vectra SA, the profit before tax grew by 15.6% (close to PLN 70 million).

The net interest income grew by 37% year on year. It was PLN 642.2 million, compared to PLN 468.9 million in H1 2007. The higher net interest income was possible thanks to 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% in 2008, stable year on year. The positive impact of the improved profitability of business was offset by negative trends of growing costs of funding and squeezing interest margins due to growing competition. The net interest income in 2008 was helped by changes in the balance sheet structure and growing interest margins on some banking products. A more effective balance sheet structure was possible through a higher contribution of Retail Banking to the Bank's assets and liabilities, a growing portfolio of corporate loans, and a better match of the currency structure of the balance sheet combined with an increase in own funds.

The net interest income of the Retail Banking Line, up by over 53.5% YoY (i.e., up by PLN 105 million, made the greatest contribution to the growth of the net interest income of the BRE Bank Group. Meanwhile, the net interest income of Corporates and Financial Markets grew by 26.5%, i.e., PLN 75 million.

The net commission income grew by 5.5% year on year in H1 2008, the lowest growth of all income items, and was PLN 305.4 million, compared to PLN 289.5 million in 2007. However, even at this growth rate, the net commission income remained the second largest income item of the Group. The growth rate declined mainly due to the falling commission income of Corporates Line subsidiaries due to the weaker conditions on the money and capital markets. Nevertheless, Corporates and Financial Markets Line again made the largest contribution to the net commission income at 55.7% of the Group's income. Thanks to continued high growth of Retail Banking income by 18% year on year, the contribution of the Retail Banking Line to the Group's net commission income grew steadily to 36.3% at the end of June 2008.

The trading income at PLN 254.5 million at the end of June 2008 was down modestly by 1.5% year on year due to falling other trading income, which was negative in 2008 (around PLN 6 million) but positive in 2007 (PLN 50 million). This was driven by the declining market climate, especially in Q2 2008, and the resulting higher credit spread, causing negative valuation of non-Treasury securities, and falling prices of securities and equities, affecting the performance of the portfolio of instruments.

Market prices of Treasury bonds fell sharply in Q2, pushed by rising interest rate hike expectations and strong supply of Treasury papers due to investment fund share redemptions and sales by foreign investors whose risk aversion grew. As a result of prevailing supply and low liquidity in the market, the prices of the instruments fell sharply.

Meanwhile, the fx income grew significantly, by 25%, i.e., over PLN 50 million, which offset the falling income from the portfolios of securities.

Retail Banking Line reported the highest growth rate of the trading income at 45.6%; its contribution to the trading income of the Group grew to 29%, compared to 19% in 2007. In spite of a lower growth rate, the contribution of Corporates and Institutions remained the highest at 42%, compared to 38% in 2007. The contribution of Trading and Investments to the Group's trading income was lower than before, at 29% (42% in 2007). The growth in the Group's trading income was reported mainly by the Bank whose contribution was overwhelming at 95%.

The income from investment securities grew year on year thanks to the profit on the sale of shares of Vectra SA at PLN 137.7 million.

The net other operating income (other operating income and costs) was high, especially in Q1 2008, mainly thanks to the profits of the real property subsidiary BRE.locum driven by good market conditions and retained high prices. The subsidiary's income in Q2 was much lower, but its semi-annual income was up by around PLN 39 million year on year.

Credit and loans impairment provisions were PLN 67.9 million in H1 2008, up by PLN 62 million year on year, mainly at the Bank as the subsidiaries' provisions were up only modestly year on year. The Bank set up provisions at PLN 63.6 million, compared to net provisions of almost nil in H1 2007.

Overhead costs were up by 17.6%, i.e., PLN 91.7 million year on year in H1 2008. The highest growth occurred in payroll costs, up by PLN 64.2 million, i.e., 22.7%, mainly due to business expansion necessitating adequate headcount growth as well as created bonus provisions. Maintenance costs grew by 9.3%, i.e., PLN 20.8 million year on year. The growth in maintenance costs was mainly a result of the expanding branch network and the expansion of business operations including mBank's transborder expansion.

It must be stressed that the growth in overhead costs was much lower than the growth in the income of the Group, up by over PLN 365 million (i.e., 34.7%), of which PLN 227.1 million (i.e., 21.6%) concerned the result net of the one-off transaction.

Depreciation and amortisation costs were up by only 6.1% in H1 2008.

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 at the BRE Bank Group in 2007.

Retail Banking and Private Banking

Financial Results

The Retail Banking and Private Banking Line, which had grown the fastest in earlier periods, also grew fast in H1 2008: its profit before tax was up by 37.9% and reached PLN 174.8 million compared to PLN 126.7 million in H1 2007. The high profitability of the Line in 2008 was achieved in spite of a heavy cost of new retail branches, including transborder expansion, as well as higher credit provisions cost year on year.

The contribution of the Business Line to the Group's pre-tax profit remained stable at around 24% in the past periods.

The Line's net interest income (up by 53.5%) and net commission income (up by 18%) grew the most in the entire Group in H1 2008. As a result, the Business Line's contribution to the Group's total net interest and commission income grew from 38.1% in 2007 to 43.2% in 2008.

The significant growth in profit was largely driven by the dynamic growth in the loans portfolio, mainly the portfolio of mortgage loans carrying a low credit risk (portfolio up by 24% year to date, i.e., by over PLN 2.6 billion), which boosted a sharp growth in the net interest and commission income offsetting the ongoing credit margin squeeze. The net commission income was mainly driven by insurance products combined with mortgage loans (bancassurance) offered by the Retail Banking Line as well as income from the sale of investment fund products.

Thanks to dynamic expansion of the branch network, the Retail Banking Line reported a significant increase in overhead costs, up by approximately 39%, i.e., PLN 81.2 million, more than the Group's average growth but much less than the growth rate of the Line's income, up by PLN 154.6 million.

In Q2 2008, the continued high growth rate of income (up by 17.5% quarter on quarter) was much greater than the growth rate of cost (up by 7.3%); as a result, the profit before tax was PLN 98.7 million, compared to PLN 76 million in Q1 2008.

The data below, concerning mBank, relate only to business activities carried out within Poland.

Customers

Retail Banking Line of BRE Bank had 2,281.4 thousand customers at the end of June 2008 (including 1,833.7 thousand at mBank and 447.7 thousand at MultiBank). The number of customers grew by 243.4 thousand year to date (up by 11.9%; 205.1 thousand at mBank, 38.3 thousand at MultiBank).

The Bank had 264,4 thousand microenterprise customers (196.5 thousand at mBank, 67.9 thousand at MultiBank). The number of new microenterprise customers acquired year to date was 28.8 thousand (up by 12.2%; 23.2 thousand at mBank, 5.6 thousand at MultiBank).

Accounts

The Retail Banking Line had 2,742.1 thousand accounts at 30 June 2008 (2,466.1 thousand at mBank, 276.0 thousand at MultiBank). The number of accounts grew by 317.2 thousand year to date (up by 13.1%; 294.1 thousand at mBank, 23.1 thousand at MultiBank).

There were 317.8 thousand microenterprise accounts (249.9 thousand at mBank, 67.9 thousand at MultiBank), up by 34.6 thousand year to date (up by 12.2%; 28.8 thousand at mBank, 5.8 thousand at MultiBank).

Deposits

BRE Bank's Retail Banking Line's deposits were PLN 12,957.0 million at the end of H1 2008 (PLN 9,592.6 million at mBank, PLN 3,364.4 million at MultiBank).

The balance-sheet deposits grew by PLN 2,593.8 million year to date (up by 25.0%; PLN 1,962.5 million at mBank, PLN 631.3 million at MultiBank).

According to statistics at the end of May 2008, the market share of the BRE Bank Retail Banking Line's deposits was 4.4%.

Investment Funds

Investment fund assets of BRE Bank retail customers were PLN 1,536.1 million at the end of June 2008 (PLN 1,211.7 million at mBank, PLN 324.4 million at MultiBank).

Investment fund assets decreased by PLN 898.3 million in January-June 2008 (down by 36.9%; PLN 644.4 million at mBank, PLN 253.9 million at MultiBank).

The market share of the BRE Bank Retail Banking Line in investment funds market was 1.6% at the end of May 2008.

Loans

Balance-sheet loans were PLN 16,328.5 million at the end of June 2008 (PLN 6,867.9 million at mBank, PLN 9,460.6 million at MultiBank). Loans were up by PLN 3,191.2 million year to date (up by 24.3%; PLN 1,469.1 million at mBank, PLN 1,722.1 million at MultiBank).

The BRE Bank Retail Banking Line's market share in retail loans was 5.5% at the end of May 2008.

All microenterprise loans were PLN 1,544.7 million at the end of June 2008 (PLN 270.5 million at mBank, PLN 1,274.2 million at MultiBank), of which 32.4% were mortgage loans (20.3% at mBank, 35.0% at MultiBank).

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Structure of the Credit Portfolio:

- mBank: 82.2% mortgage loans, 5.4% credit lines, 4.3% credit cards, 8.0% other;

- MultiBank: 84.3% mortgage loans, 5.8% credit lines, 1.5% credit cards, 8.4% other.

Mortgage Loans to Retail Customers	*Total*	*PLN*	*FX*
Balance-sheet value (PLN B)	13.13	2.36	10.76
Average maturity (years)	23.45	21.05	23.90
Average value (PLN thou.)	185.69	210.49	181.01
Average LTV (%)	61.43%	56.80%	62.30%
NPL	0.36%	1.13%	0.19%

The Retail Banking Line balance-sheet mortgage loans were PLN 13,627.3 million at the end of June 2008 (PLN 5,648.5 million at mBank, PLN 7,978.8 million at MultiBank), including mortgage loans to retail customers at PLN 13,126.1 million (PLN 5,593.7 million at mBank, PLN 7,532.4 million at MultiBank). The balance-sheet mortgage loans were up by PLN 2,526.2 million in January-June 2008 (up by 22.8%; PLN 1,107.7 million at mBank, PLN 1,418.5 million at MultiBank).

Cards

The number of credit cards issued by the end of June 2008 was 305.1 thousand (197.5 thousand at mBank, 107.6 thousand at MultiBank). The number of credit cards grew by 54.4 thousand year to date (up by 21.7%; 35.4 thousand at mBank, 19.0 thousand at MultiBank).

The number of debit cards issued by the end of June 2008 was 1,709.4 thousand (1,315.3 thousand at mBank, 394.1 thousand at MultiBank). The number of debit cards grew by 254.7 thousand year to date (up by 17.5%; 205.3 thousand at mBank, 49.4 thousand at MultiBank).

According to data at the end of May 2008, the market share of the BRE Bank Retail Banking Line in credit cards was 3.4% with respect to the amount of debt.

Expansion of the Distribution Network

mBank
mBank's distribution network has 136 locations (64 mKiosks, 16 Financial Centres, 56 Partner mKiosks).

MultiBank
Currently MultiBank's distribution network has 122 outlets (73 Financial Services Centres-"CUF" and 49 Partner Outlets-"PP", including 39 Branches of the Future - both CUF and PP).

Corporates and Financial Markets

Financial Results

The business segment which covers relations with corporate customers generated a profit before tax of PLN 438.3 million in H1 2008 (including PLN 137.7 million on a one-off transaction closed in Q1 2008), up by PLN 124.7 million (+39.8% YoY). The contribution of CorporatES and Financial Markets to the Group's profit including the one-off transaction was 61%. Nearly all profit components improved year on year but the core business grew the most of all.

The results of the Line in 2008 were driven by ongoing positive sales trends and improving productivity on the one hand, and a slightly worse climate on the securities market and higher cost of credit provisions on the other hand.

The profits of the Line in H1 2008 were driven by the growing share of the core business and the one-off equity transaction closed in Q1 2008, and affected by the rising cost of risk, and a worse climate for fx transactions in Q2 2008. As a result, the profit before tax was down by around PLN 200 million quarter on quarter in Q2 2008.

Both assets (up by 21% from PLN 39.9 billion to PLN 48.3 billion) and liabilities (up by 15.9% from PLN 38.1 billion to PLN 44.2 billion) grew significantly year on year. The dynamic growth of business was mainly reflected in the very high net interest income (PLN 355.6 million) and net commission income (PLN 177.7 million). The ongoing positive trends in financial and fx markets, especially in Q1, enabled an equally high fx income (PLN 187.4 million) driven, among others, by customers' activity on the fx market and an effective hedging strategy pursued by BRE Bank.

The contribution of the companies of the Corporates and Financial Markets Line to the Line's profit remained high (32-34% net of one-off transactions). The largest contributions came from BRE Leasing Sp. z o.o., BRE Bank Hipoteczny SA, Dom Inwestycyjny BRE, and Intermarket Bank AG.

IFRS Financial Statements for the second quarter of 2008 PLN (000's)

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

Corporates and Institutions

Financial Results

The profit before tax at PLN 251.4 million generated in H1 2008 was up by 9% or PLN 20.8 million year on year, mainly thanks to a higher income on the core business, in spite of a higher cost of credit risk (+ PLN 6.0 million in June 2007; - PLN 28.6 million in June 2008).

Particularly high year-on-year growth was reported for the net interest income (up by ca. PLN 63.4 million) due to strong growth in both lending and deposits. In addition, the growth in costs (2%) was much lower, helping the productivity of business.

The contribution of Corporates and Institutions to the profit before tax of the Corporates and Financial Markets Line remained high at 57.4% including a one-off transaction and 83.6% excluding the one-off transaction, compared to 73.5% last year, as a result of a growing share of regular customer transactions in the Group's results.

The growth rate of the segment's profit in Q2 2008 was modestly lower than in Q1, mainly due to the growing cost of credit risk (by almost PLN 20 million) and a one-off transaction closed in Q1 in the area of restructuring and enforcement resulting among others in an additional net interest income.

Corporate Customers

The Bank's very active customer acquisition produced positive results in H1 2008. BRE Bank acquired 1,255 new corporate customers year to date, of which 73% were K3 customers and 22% were K2 customers. The number of corporate customers totalled 12,678 companies at the end of June 2008, up by 393 companies year to date.

Corporate Banking Line Customers

	31.12.2006	*31.12.2007*	*30.06.2008*	*Change*
*K1**	969	963	942	-21
*K2**	3 470	3 721	3 827	+106
*K3**	7 003	7 601	7 909	+308
Total	11 442	12 285	12 678	+393

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

Corporate Customers Deposits

BRE Bank's corporate customers' deposits (including deposits of enterprises) were PLN 18.2 billion at the end of June 2008, down by PLN 1.5 billion year to date.

Deposits of enterprises were PLN 14.0 billion at the end of June 2008, up by 5.3% year to date and up by 7.7% year on year. The market's total deposits of enterprises were down by 3.8% year to date and up by 7.3% year on year. The market share of BRE Bank's corporate deposits was 10.1%, compared to 9.3% in December 2007 and 10.1% at the end of June 2007.

Corporate Customers Loans

BRE Bank's loans granted to corporate customers (including enterprises) were PLN 14.6 billion at the end of June 2008, up by close to PLN 1.9 billion year to date.

Loans to enterprises were PLN 13.5 billion, up by 17.4% year to date. The market's total loans to enterprises were up by 13.5% in this period. The market share of BRE Bank's loans granted to enterprises was 6.7% at the end of June 2008, compared to 6.5% at the end of 2007, and 6.3% at the end of June 2007.

Strategic Product Lines

Cash Management

Ongoing expansion of the cash management offer supports long-term customer relationships and helps to grow the volume of transactions involving the identification of payments and the number of customers using advanced cash management products. The number of *Direct Debits* transactions processed in H1 2008 was 1,157 thousand, up by 30.0% year on year. The number of *Identifications of Trade Payments* transaction grew dynamically: in January-June 2008, there were almost 3.1 million transactions, up by 53.0% year on year. The number of customers using bank account consolidation facilities grew by 106.5% year on year. New product solutions were offered in H1 to companies, including electronic presentation of invoice images and invoice discounting, as well as on-line opening of deposits in the iBRE system. These solutions should respectively grow the sales of discounting products and corporate deposits.

Banking Products with EU Financing

The sales of loans and guarantees related to EU financing were up by 1.24% year on year in H1 2008. The low growth rate of the sales was due to delays in opening of application rounds by the public administration under operational programmes in implementation in 2007-2013.

Trade Finance

The sales of (import and export) documentary letters of credit were up by 15.2% year on year in H1 2008. The total income generated on sales of trade finance products grew by 19.9% year on year.

Financial Instruments

The profit on the sales of financial instruments to corporate customers was nearly PLN 104 million in H1 2008, up by 35.3% year on year.

Corporate Branch Network Expansion

In H1 2008, BRE Bank continued to optimise and rearrange the functionality and image of the corporate branch network and to open Corporate Offices as sales units of the existing branch network. By the end of June 2008, 17 Corporate Offices were operational. The final 3-6 Corporate Offices will be opened soon. The Corporate Offices project is expected to be completed by Q3 2008. Opole and Częstochowa Corporate Branches completed functional and image modernisation to enable the functionality of a business centre (venue of business and professional meetings). Częstochowa, Katowice, and Zielona Góra Corporate Branches will be modernised by the end of the year. The Third Warsaw Corporate Branch was opened in June 2008.

Subsidiaries

BRE Leasing

Leasing contracts executed by BRE Leasing in Q2 2008 amounted to PLN 1,025 million (up by 20.8% year on year and 27.2% quarter on quarter). Leasing contracts executed in 2008 amounted to PLN 1,830 million, up by 21.6% year on year. BRE Leasing generated a pre-tax profit of PLN 26.2 million in Q1-2 2008, up by 3.6% year on year (profit up by 49.5% quarter on quarter).

Factoring – The Intermarket Group

The sales of the Intermarket Group's companies amounted to EUR 3.1 billion in Q1-2 2008, up by 10% year on year. The pre-tax profit of the companies of the Intermarket Group consolidated by BRE Bank was PLN 28.1 million (up by 7.0% YoY). Simultaneously, sales of Polfactor (the company operating in Poland) were PLN 1.6 billion. Its pre-tax profit was PLN 6.2 million in Q1-Q2 2008 (up by 12% YoY).

Dom Inwestycyjny BRE Banku (DI BRE)

Dom Inwestycyjny BRE Banku generated over PLN 15 million profit before tax in H1 2008. The figure corresponds to ROE at 84% p.a. DI BRE's share in the options market increased from 26% in Q1 to 32% in Q2.

At the end of Q2 2008, the company ranked second among the most active brokers on the future-contracts market with a share of 11.9%, while in Q1 it was ranked third. DI BRE retained its high share in stocks trading. In Q1 2008, DI BRE upheld its high share in stock market operations. In Q2 DI BRE concluded 5.20% of all transactions on the stock market.

The slide in equity trading was caused by the significant decrease of market activities of retail clients and dynamic increase of activities from remote members of the Warsaw Stock Exchange (WSE) - 3.12% in Q1 2007, 8.25% in Q1 2008 and close to 10% in Q2 2008. DI BRE does not run proprietary trading on the secondary market (dealing). Regardless of the negative trends, the share of trading for institutional clients in the overall WSE turnover follows an upward trend, which is crucial to stability of brokerage business.

Highly negative market conditions did not refrain DI BRE from fully successful conclusion of three primary market transactions (Optopol SA: PLN 66 million, Unibep SA: PLN 71 million, Komputronik: PLN 24.6 million) of total value exceeding PLN 161 million.

BRE Corporate Finance

The current situation on the American and European markets as well as the adverse conditions on the Polish capital market have negatively impacted the willingness for completion of planned M&A and IPO transactions. As a consequence of the above, in Q2 2008 no transactions were completed by the Company's clients and the team of

BRE Corporate Finance SA was involved in execution of long term projects and preparation of closing them in the future.

During Q2 2008 BRE Corporate Finance completed several projects related to strategic finance advisory, including a complex project of preparation of individual valuations of several enterprises creating a holding of distributors and wholesalers of food products for the purpose of their merger into one enterprise. The Company also engaged in the preparation of a business plan for the members of the holding with development scenarios after their consolidation.

In June 2008 the consortium composed of Dom Inwestycyjny BRE Banku, BRE Corporate Finance SA and the legal advisor White & Case was selected from six consortium bidders as an advisor in the IPO transaction of the coal mine Lubelski Węgiel Bogdanka SA. The anticipated value of the IPO transaction is estimated at PLN 300 - 600 million.

The company's sales amounted to PLN 3 million and loss before tax amounted to PLN 913.0 thousand.

<u>BRE Bank Hipoteczny (BBH)</u>

BBH's total balance-sheet and off-balance-sheet loans portfolio was PLN 4.51 billion at the end of Q2 2008, up by 22.4% year on year. The assets increased by 37.1% reaching PLN 3.9 billion after 6 months of 2008. BBH's profit before tax was PLN 23.99 million (compared to PLN 17.49 million in Q2 2007). ROE ratio equaled to 17.8% in Q2 2008 in comparison to 14.95% YtY. C/I ratio decreased from 46.54% in Q2 2007 to 43.33% in Q2 2008.

In the first half of 2008 the Bank completed 3 issues of mortgage bonds of the total value of PLN 650 mln at WIBOR + 89,62 bp (13 March PLN - 200 million 6M WIBOR +80bp; 25 April PLN 250 million - 6M WIBOR+ 89 bp; 13 June PLN 200 million – at 6M WIBOR + 100 bp).

Trading and Investments

Financial Results

The business area generated a profit before tax of PLN 186.8 million in H1 2008 (including PLN 137.7 million on the one-off transaction of sale of Vectra SA), compared to PLN 82.9 million in H1 2007.

The structure of the segment's profit in 2008 was dominated by a very high income on investment securities at the cost of the contribution of the other income items: trading income and net interest income.

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

The declining market climate in Q2 2008, as mentioned above, affected the trading income of this business segment, which was down by around PLN 27 million quarter on quarter, and the growth rate of its Q2 profit before tax fell accordingly. There were no one-off transactions in Q2 2008.

Market Position

BRE Bank had the first position in the market of medium-term bank debt securities with a market share of 31.8% and the second position in the market of medium-term corporate bonds and third position in the market of short-term commercial papers with a market share of 18.9% and 18.5%, respectively (as of the end of June 2008).

The Bank has maintained its active presence on the financial markets, with a market share of ca. 24% in interest rate derivative instruments and ca. 16.5% in trading in Treasury bills and bonds. Its share in fx transactions (spot and forward) was ca. 5.6 % while its share in WIG20 index options was ca. 20% (as of the end of May 2008).

Treasury

The Treasury Department conducts the Asset-Liability Management and the money market operations of the Bank. It also manages the liquidity reserves portfolio of the Bank. The liquidity portfolio consists of Treasury bills and Treasury bonds (fixed and float rate notes).

The average level of the liquidity reserves in Q2 2008 exceeded PLN 6 billion.

Proprietary Investments Portfolio

At the end of Q2 2008, the proprietary investments portfolio managed by DFI amounted to PLN 302 million at acquisition cost. Compared to the end of 2007, the value of the portfolio at acquisition cost was down by PLN 132 million, following the Bank's sale of shares of Vectra SA (PLN 125 million), the redemption of mezzanine finance instruments and the increase of the share capital of Garbary Sp. z o.o. The result on the sale of Vectra's shares, after accounting for additional costs, closed at the level of PLN 137.7 million gross and net.

<u>Asset Management</u>

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 in 2008 mainly the result of the merger of the subsidiary PTE Skarbiec-Emerytura with PTE Aegon. The merger was carried out pursuant to Article 492.1.1 of the Code of Commercial Partnerships and Companies by means of transferring all assets of the acquired company PTE Skarbiec-Emerytura S.A. to the acquiring company Aegon PTE SA in exchange for a transfer of Aegon PTE shares to BRE Bank, the shareholder of PTE Skarbiec-Emerytura.

The profit of this business segment in 2007 mainly included the profit on the sale of the subsidiary SAMH.

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 profit of PLN 69.3 million in 2008, which was less than in 2007 (PLN 85.6 million).

Quality of the Loans Portfolio

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

The default ratio for the risk portfolio under IAS 39 and IAS 37 was 1.4% at the end of Q2 2008, the same as in Q1 2008, compared to 1.5% at the end of 2007 and 2.8% at the end of 2006.

The default ratio for the balance-sheet credit risk portfolio (credit receivables less interest) was 1.9% at the end of Q2 2008, the same as in Q1 2008, and down from 2.2% at the end of 2007 and 4.4% at the end of 2006.

The quality of the credit risk portfolio as measured by the share of the default portfolio remained stable after Q1 2008 but improved compared to previous periods (2006 and 2007). The overall credit risk portfolio continued to grow.

The main driver of stable quality of the credit risk portfolio in Q2 was significant growth in the loans portfolio.

In spite of new default exposures, the nominal value of the default portfolio grew notionally (from PLN 639 million in Q1 to PLN 695 million at the end of Q2 2008) as a result of successful restructuring and enforcement as well as repayment of default loans.

The ratio of both provisions and write-offs to default credit exposure fell to 68.3% in Q2 2008 from 69.5% at the end of Q1 2008 and 73.3% at the end of 2007 for the whole credit risk portfolio. The ratio for the balance-sheet portfolio was down from 75.9% (end of 2007) to 75.4% (Q1 2008) to 75.1%. The main reason for the decrease in the ratio was the sale of PLN 21.5 million of retail loans (100% coverage) and positive projections of repayment of new default exposures.

As the credit risk portfolio grew significantly, the incurred but not reported loss (IBNR) reserve for the non-default portfolio grew and was PLN 166 million at the end of Q2 2008, compared to PLN 159 million at the end of Q1 2008 and PLN 152 million at the end of 2007.

IFRS Financial Statements for the second quarter of 2008 PLN (000's)

Consolidated Income Statement

	Note	2nd Quarter (current year) from 01.04.2008 to 30.06.2008	II Quarters cumulative (current year) from 01.01.2008 to 30.06.2008	2nd Quarter (previous year) from 01.04.2007 to 30.06.2007	II Quarters cumulative (previous year) from 01.01.2007 to 30.06.2007
Continued operations					
Interest income		830 020	1 596 864	540 539	1 039 001
Interest expense		(503 125)	(954 623)	(299 145)	(570 071)
Net interest income	5	**326 895**	**642 241**	**241 394**	**468 930**
Fee and commission income		221 904	432 901	204 354	386 075
Fee and commission expense		(66 896)	(127 452)	(57 723)	(96 587)
Net fee and commission income	6	**155 008**	**305 449**	**146 631**	**289 488**
Dividend income	7	3 733	3 733	2 159	2 159
Net trading income, including:	8	119 360	254 467	144 908	258 282
Foreign exchange result		*131 121*	*260 461*	*109 050*	*208 443*
Other trading income		*(11 761)*	*(5 994)*	*35 858*	*49 839*
Gains less losses from investment securities	9	330	137 817	106	7 161
Other operating income	10	48 314	176 992	35 762	76 928
Impairment losses on loans and advances	11	(45 626)	(67 868)	1 078	(5 866)
Overhead costs	12	(314 341)	(613 627)	(276 580)	(521 919)
Amortization and depreciation		(48 317)	(93 732)	(45 402)	(88 344)
Other operating expenses	13	(25 540)	(103 379)	(19 208)	(50 413)
Operating profit		**219 816**	**642 093**	**230 848**	**436 406**
Share of profit (loss) of associates		-	-	-	-
Profit before income tax from continued operations		**219 816**	**642 093**	**230 848**	**436 406**
Income tax expense		7 975	(54 248)	(43 217)	(90 949)
Net profit from continued operations including minority interest		**227 791**	**587 845**	**187 631**	**345 457**
Discontinued operations	19				
Profit before income tax from discontinued operations		**73 607**	**78 908**	**3 891**	**94 199**
Income tax expense		(1 225)	(2 336)	(925)	(20 037)
Net profit from discontinued operations including minority interest		**72 382**	**76 572**	**2 966**	**74 162**
Net profit from continued and discontinued operations including minority interest, of which:		**300 173**	**664 417**	**190 597**	**419 619**
Net profit attributable to minority interest		10 674	24 092	9 469	15 753
Net profit		**289 499**	**640 325**	**181 128**	**403 866**
Net profit from continued operations attributable to the Bank's equity holders			**563 753**		**329 704**
Weighted average number of ordinary shares	14		**29 670 203**		**29 535 896**
Earnings on continued operations per 1 ordinary share (in PLN)	14		**19.00**		**11.16**
Weighted average number of ordinary shares for diluted earnings	14		**29 676 614**		**29 661 994**
Diluted earnings on continued operations per 1 ordinary share (in PLN)	14		**19.00**		**11.12**

IFRS Financial Statements for the second quarter of 2008 PLN (000's)

Consolidated Balance Sheet

	Note	30.06.2008	31.12.2007	30.06.2007
ASSETS				
Cash and balances with the Central Bank		2 877 654	2 003 535	2 562 731
Debt securities eligible for rediscounting at the Central Bank		24 536	23 259	34 005
Loans and advances to banks		4 747 696	2 089 936	2 362 298
Trading securities	15	3 610 625	3 403 174	3 847 054
Derivative financial instruments		2 621 239	2 272 638	1 611 801
Loans and advances to customers	16	39 674 501	33 682 665	29 019 502
Investment securities	17	5 189 224	6 386 574	3 990 997
- Available for sale		5 189 224	6 386 574	3 990 997
Non-current assets held for sale	19	416 150	336 078	324 106
Pledged assets	15, 17	3 234 088	3 708 158	3 319 230
Investments in associates		13 675	4 823	4 004
Intangible assets		408 135	404 967	372 955
Tangible fixed assets		715 881	670 213	591 243
Deferred income tax assets		209 543	116 290	84 988
Other assets		959 217	880 663	808 714
Total assets		**64 702 164**	**55 982 973**	**48 933 628**
EQUITY AND LIABILITIES				
Amounts due to other banks		16 466 677	12 286 940	8 988 762
Derivative financial instruments and other trading liabilities		2 675 324	2 164 214	1 559 834
Amounts due to customers	18	36 375 648	32 401 863	29 305 716
Debt securities in issue		2 191 871	2 928 414	3 503 245
Subordinated liabilities		1 993 213	1 661 785	1 473 771
Other liabilities		893 004	879 975	792 828
Current income tax liabilities		100 213	134 234	85 805
Deferred income tax liabilities		426	455	26 152
Provisions		76 004	71 227	66 326
Liabilities held for sale	19	-	12 543	10 318
Total liabilities		**60 772 380**	**52 541 650**	**45 812 757**
Equity				
Capital and reserves attributable to the Bank's equity holders		**3 798 085**	**3 324 511**	**3 023 655**
Share capital:		**1 521 294**	**1 517 432**	**1 503 744**
- Registered share capital		118 752	118 643	118 256
- Share premium		1 402 542	1 398 789	1 385 488
Other reserves		**(94 688)**	**74 204**	**88 869**
Retained earnings:		**2 371 479**	**1 732 875**	**1 431 042**
- Profit from the previous years		1 731 154	1 022 781	1 027 176
- Profit for the current year		640 325	710 094	403 866
Minority interest		**131 699**	**116 812**	**97 216**
Total equity		**3 929 784**	**3 441 323**	**3 120 871**
Total equity and liabilities		**64 702 164**	**55 982 973**	**48 933 628**
Capital adequacy ratio		**9.23**	**10.16**	**10.44**
Book value		**3 798 085**	**3 324 511**	**3 023 655**
Number of shares		**29 687 937**	**29 660 668**	**29 564 034**
Book value per share (in PLN)		**127.93**	**112.08**	**102.27**
Diluted number of shares		**29 694 348**	**29 690 132**	**29 690 132**
Diluted book value per share		**127.91**	**111.97**	**101.84**

IFRS Consolidated Financial Statements for the second quarter of 2008 PLN (000's)

Consolidated Statements of Changes in Equity

Changes in equity from 1 January 2008 to 30 June 2008

	Share capital		Other reserves	Retained earnings					Minority interest	Total equity
	Registered share capital	Share premium		Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year		
Equity as at 1 January 2008	**118 643**	**1 398 789**	**74 204**	**322 262**	**22 288**	**559 110**	**829 215**	**-**	**116 812**	**3 441 323**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2008	**118 643**	**1 398 789**	**74 204**	**322 262**	**22 288**	**559 110**	**829 215**	**-**	**116 812**	**3 441 323**
Net change in investments available for sale, net of tax	-	-	(164 789)	-	-	-	-	-	-	(164 789)
Currency translation differences	-	-	(4 103)	-	-	-	-	-	(2 185)	(6 288)
Net profit/(loss) not recognised in the income statement	**-**	**-**	**(168 892)**	**-**	**-**	**-**	**-**	**-**	**(2 185)**	**(171 077)**
Net profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**640 325**	**24 092**	**664 417**
Total profit recognised in the current year	**-**	**-**	**(168 892)**	**-**	**-**	**-**	**-**	**640 325**	**21 907**	**493 340**
Dividends paid	-	-	-	-	-	-	-	-	(12 418)	(12 418)
Transfer to General Banking Risk Fund	-	-	-	-	-	54 200	(54 200)	-	-	-
Transfer to reserve capital	-	-	-	-	8 471	-	(8 471)	-	-	-
Transfer to supplementary capital	-	-	-	653 893	-	-	(653 893)	-	-	-
Loss coverage with supplementary capital	-	-	-	(2 731)	-	-	2 731	-	-	-
Issue of shares	109	2 513	-	-	-	-	-	-	-	2 622
Additional shareholder payments	-	-	-	-	-	-	-	-	2	2
Other changes	-	-	-	-	-	-	(5 396)	-	5 396	-
Stock option program for employees	-	1 240	-	-	3 675	-	-	-	-	4 915
- value of services provided by the employees	-	-	-	-	*4 915*	-	-	-	-	*4 915*
- settlement of exercised options	-	*1 240*	-	-	*(1 240)*	-	-	-	-	-
Equity as at 30 June 2008	**118 752**	**1 402 542**	**(94 688)**	**973 424**	**34 434**	**613 310**	**109 986**	**640 325**	**131 699**	**3 929 784**

Changes in equity from 1 January 2007 to 31 December 2007

	Share capital		Other reserves	Retained earnings					Minority interest	Total equity
	Registered share capital	Share premium		Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year		
Equity as at 1 January 2007	**118 064**	**1 378 882**	**5 110**	**9 451**	**20 899**	**558 000**	**440 360**	**-**	**91 433**	**2 622 199**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2007	**118 064**	**1 378 882**	**5 110**	**9 451**	**20 899**	**558 000**	**440 360**	**-**	**91 433**	**2 622 199**
Net change in investments available for sale, net of tax	-	-	75 352	-	-	-	-	-	-	75 352
Currency translation differences	-	-	(6 258)	-	-	-	-	-	(3 366)	(9 624)
Net profit/(loss) not recognised in the income statement	**-**	**-**	**69 094**	**-**	**-**	**-**	**-**	**-**	**(3 366)**	**65 728**
Net profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**710 094**	**37 523**	**747 617**
Total profit recognised in the current year	**-**	**-**	**69 094**	**-**	**-**	**-**	**-**	**710 094**	**34 157**	**813 345**
Dividends paid	-	-	-	-	-	-	-	-	(6 360)	(6 360)
Transfer to General Banking Risk Fund	-	-	-	-	-	1 110	-	-	-	1 110
Transfer to reserve capital	-	-	-	-	7 318	-	(8 428)	-	-	(1 110)
Transfer to supplementary capital	-	-	-	312 811	-	-	(312 811)	-	-	-
Issue of shares	579	13 330	-	-	-	-	-	-	-	13 909
Additional shareholder payments	-	-	-	-	-	-	-	-	(2 418)	(2 418)
Stock option program for employees	-	6 577	-	-	(5 929)	-	-	-	-	648
- value of services provided by the employees	-	-	-	-	*648*	-	-	-	-	*648*
- settlement of exercised options	-	*6 577*	-	-	*(6 577)*	-	-	-	-	-
Equity as at 31 December 2007	**118 643**	**1 398 789**	**74 204**	**322 262**	**22 288**	**559 110**	**119 121**	**710 094**	**116 812**	**3 441 323**

IFRS Consolidated Financial Statements for the second quarter of 2008 PLN (000's)

Changes in equity from 1 January 2007 to 30 June 2007

	Share capital			Retained earnings						
	Registered share capital	Share premium	Other reserves	Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year	Minority interest	Total equity
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	-	-	86 601	-	-	-	-	-	-	86 601
Currency translation differences	-	-	(2 842)	-	-	-	-	-	(1 194)	(4 036)
Net profit/(loss) not recognised in the income statement	**-**	**-**	**83 759**	**-**	**-**	**-**	**-**	**-**	**(1 194)**	**82 565**
Net profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**403 866**	**15 753**	**419 619**
Total profit recognised in the current year	**-**	**-**	**83 759**	**-**	**-**	**-**	**-**	**403 866**	**14 559**	**502 184**
Dividends paid	-	-	-	-	-	-	-	-	(6 359)	(6 359)
Transfer to reserve capital	-	-	-	-	7 733	-	(8 481)	-	-	(748)
Transfer to supplementary capital	-	-	-	312 803	-	1 110	(313 165)	-	-	748
Issue of shares	192	4 424	-	-	-	-	-	-	-	4 616
Additional shareholder payments	-	-	-	-	-	-	-	-	(2 417)	(2 417)
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**	**322 254**	**27 098**	**559 110**	**118 714**	**403 866**	**97 216**	**3 120 871**

IFRS Consolidated Financial Statements for the second quarter of 2008 PLN (000's)

Consolidated Cash Flow Statement

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
A. Cash flow from operating activities	**(36 351)**	**(2 074 402)**
Profit before income tax	**721 001**	**530 605**
Adjustments:	***(757 352)***	***(2 605 007)***
Income taxes paid (negative amount)	(153 521)	(46 779)
Amortisation	93 977	88 543
Foreign exchange gains (losses)	(97 895)	(75 789)
Gains (losses) on investing activities	(205 455)	(86 011)
Dividends received	(3 734)	(1 252)
Interest paid	734 572	522 475
Change in loans and advances to banks	(793 189)	(2 106)
Change in trading securities	1 142 563	(571 190)
Change in derivative financial instruments	(348 601)	(198 736)
Change in loans and advances to customers	(5 991 836)	(5 974 808)
Change in investment securities	874 314	(890 457)
Change in other assets	(124 330)	(159 990)
Change in amounts due to other banks	159 323	289 960
Change in other trading liabilities	511 110	305 934
Change in amounts due to customers	3 531 800	4 265 987
Change in debt securities in issue	(109 171)	(82 764)
Change in provisions	4 777	(10 539)
Change in other liabilities	17 944	22 515
Net cash from operating activities	**(36 351)**	**(2 074 402)**
B.Cash flows from investing activities	**120 883**	**40 231**
Investing activity inflows	**274 414**	**169 863**
Disposal of shares or stocks in subsidiaries, net of cash disposed	-	165 305
Disposal of intangible assets and tangible fixed assets	5 296	3 306
Other investing inflows	269 118	1 252
Investing activity outflows	**153 531**	**129 632**
Acquisition of shares or stocks in subsidiaries, net of cash acquired	-	29 053
Purchase of intangible assets and tangible fixed assets	153 531	70 088
Other investing outflows	-	30 491
Net cash used in investing activities	**120 883**	**40 231**
C. Cash flows from financing activities	**3 520 410**	**776 149**
Financing activity inflows	**9 180 383**	**4 855 572**
Proceeds from loans and advances from other banks	5 797 360	942 633
Proceeds from other loans and advances	5 031	-
Issue of debt securities	2 628 518	2 931 394
Increase of subordinated liabilities	746 852	968 440
Issue of ordinary shares	2 622	4 616
Other financing inflows	-	8 489
Financing activity outflows	**5 659 973**	**4 079 423**
Repayments of loans and advances from other banks	1 751 085	213 235
Repayments of other loans and advances	102 798	9 833
Redemption of debt securities	3 255 890	2 743 433
Decrease of subordinated liabilities	359 500	967 075
Payments of financial lease liabilities	160	-
Dividends and other payments to shareholders	12 266	9 243
Other financing outflows	178 274	136 604
Net cash from financing activities	**3 520 410**	**776 149**
Net increase / decrease in cash and cash equivalents (A+B+C)	**3 604 942**	**(1 258 022)**
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	6 905	(5 985)
Cash and cash equivalents at the beginning of the reporting period	7 557 435	9 082 846
Cash and cash equivalents at the end of the reporting period	**11 169 282**	**7 818 839**

IFRS Consolidated Financial Statements for the second quarter of 2008 PLN (000's)

BRE Bank SA Stand-Alone Financial Statements

1. Income Statement

	2nd Quarter (current year) from 01.04.2008 to 30.06.2008	II Quarters cumulative (current year) from 01.01.2007 to 30.06.2007	2nd Quarter (previous year) from 01.04.2007 to 30.06.2007	II Quarters cumulative (previous year) from 01.01.2007 to 30.06.2007
Interest income	672 399	1 280 222	427 818	818 613
Interest expense	(410 676)	(766 678)	(245 284)	(461 937)
Net interest income	**261 723**	**513 544**	**182 534**	**356 676**
Fee and commission income	181 624	341 479	140 337	272 228
Fee and commission expense	(65 063)	(120 397)	(47 923)	(78 981)
Net fee and commission income	**116 561**	**221 082**	**92 414**	**193 247**
Dividend income	49 900	62 995	30 395	37 558
Net trading income	112 869	242 879	140 010	250 613
Foreign exchange result	*125 586*	*251 220*	*108 244*	*206 456*
Other trading income	*(12 717)*	*(8 341)*	*31 766*	*44 157*
Gains less losses from investment securities	126 850	264 337	25 337	135 787
Other operating income	9 933	21 693	5 269	18 549
Impairment losses on loans and advances	(48 238)	(63 615)	(736)	163
Overhead costs	(248 977)	(483 711)	(207 580)	(402 947)
Amortization and depreciation	(38 925)	(74 066)	(36 096)	(70 539)
Other operating expenses	(4 308)	(9 412)	(4 380)	(9 189)
Operating profit	**337 388**	**695 726**	**227 167**	**509 918**
Profit before income tax	**337 388**	**695 726**	**227 167**	**509 918**
Income tax expense	9 961	(35 654)	(32 641)	(87 694)
Net profit	**347 349**	**660 072**	**194 526**	**422 224**

Net profit		**660 072**		**422 224**
Weighted average number of ordinary shares		**29 670 203**		**29 535 896**
Earnings per 1 ordinary share (in PLN)		**22.25**		**14.30**
Weighted average number of ordinary shares for diluted earnings		**29 676 614**		**29 661 994**
Diluted earnings per 1 ordinary share (in PLN)		**22.24**		**14.23**

IFRS Consolidated Financial Statements for the second quarter of 2008 PLN (000's)

2. Balance Sheet

as at	30.06.2008	31.12.2007	30.06.2007
ASSETS			
Cash and balances with the Central Bank	2 856 459	1 998 380	2 555 019
Debt securities eligible for rediscounting at the Central Bank	24 536	23 259	34 005
Loans and advances to banks	4 695 699	2 166 310	2 424 084
Trading securities	3 956 428	3 721 311	4 008 700
Derivative financial instruments	2 617 410	2 263 845	1 611 247
Loans and advances to customers	31 494 680	26 378 887	22 752 668
Investment securities	5 116 882	6 226 318	3 877 987
- Available for sale	5 116 882	6 226 318	3 877 987
Non-current assets held for sale	468 039	335 819	335 819
Pledged assets	3 233 251	3 707 359	3 318 439
Investments in subsidiaries	444 808	449 098	451 870
Intangible assets	382 492	379 504	348 477
Tangible fixed assets	538 638	532 175	463 096
Deferred income tax assets	67 730	2 824	-
Other assets	272 619	224 721	190 135
Total assets	**56 169 671**	**48 409 810**	**42 371 546**
EQUITY AND LIABILITIES			
Amounts due to other banks	11 119 855	7 972 900	5 488 890
Derivative financial instruments and other trading liabilities	2 685 913	2 181 420	1 569 675
Amounts due to customers	35 976 721	32 734 316	30 390 913
Debt securities in issue	37 173	36 810	36 490
Subordinated liabilities	1 993 213	1 661 785	1 473 771
Other liabilities	606 924	552 894	380 765
Current income tax liabilities	96 209	120 659	76 529
Provisions for deferred income tax	65	62	25 442
Provisions	72 680	68 831	63 404
Total liabilities	**52 588 753**	**45 329 677**	**39 505 879**
Equity			
Share capital	**1 521 294**	**1 517 432**	**1 503 744**
- Registered share capital	118 752	118 643	118 256
- Share premium	1 402 542	1 398 789	1 385 488
Other capital and reserves	**(87 592)**	**79 231**	**89 065**
Retained earnings:	**2 147 216**	**1 483 470**	**1 272 858**
- Profit for the previous year	1 487 144	846 239	850 634
- Net profit for the current year	660 072	637 231	422 224
Total equity	**3 580 918**	**3 080 133**	**2 865 667**
Total equity and liabilities	**56 169 671**	**48 409 810**	**42 371 546**
Capital adequacy ratio	**9.41**	**10.65**	**10.95**
Book value	**3 580 918**	**3 080 133**	**2 865 667**
Number of shares	**29 687 937**	**29 660 668**	**29 564 034**
Book value per share (in PLN)	**120.62**	**103.85**	**96.93**
Diluted number of shares	**29 694 348**	**29 690 132**	**29 690 132**
Diluted book value per share	**120.59**	**103.74**	**96.52**

IFRS Consolidated Financial Statements for the second quarter of 2008 PLN (000's)

3. Statements of Changes in Equity

Changes in equity from 1 January 2008 to 30 June 2008

	Share capital		Other capital and reserves	Retained earnings					Total
	Registered share capital	Share premium		Supplementary capital	Other reserve capital	General risk fund	Profit (loss) from previous years	Profit for the current year	
Equity as at 1 January 2008	**118 643**	**1 398 789**	**79 231**	**286 893**	**1 346**	**558 000**	**637 231**	**-**	**3 080 133**
- reclassification to fair value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2008	**118 643**	**1 398 789**	**79 231**	**286 893**	**1 346**	**558 000**	**637 231**	**-**	**3 080 133**
Net change in investments available for sale, net of tax	-	-	(164 565)	-	-	-	-	-	(164 565)
Currency translation differences	-	-	*(2 258)*	-	-	-	-	-	(2 258)
Net profit not recognised in income statement	**-**	**-**	**(166 823)**	**-**	**-**	**-**	**-**	**-**	**(166 823)**
Net profit (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**660 072**	**660 072**
Total profit recognised in the current year	**-**	**-**	**(166 823)**	**-**	**-**	**-**	**-**	**660 072**	**493 249**
Transfer to General Banking Risk Fund	-	-	-	-	-	50 000	(50 000)	-	-
Transfer to supplementary capital	-	-	-	587 231	-	-	(587 231)	-	-
Issue of shares	109	2 513	-	-	-	-	-	-	2 622
Other changes	-	-	-	(1)	-	-	-	-	(1)
Stock option program for employees	-	1 240	-	-	3 675	-	-	-	4 915
- value of services provided by the employees	-	-	-	-	*4 915*	-	-	-	*4 915*
- settlement of exercised options	-	*1 240*	-	-	*(1 240)*	-	-	-	-
Equity as at 30 June 2008	**118 752**	**1 402 542**	**(87 592)**	**874 123**	**5 021**	**608 000**	**-**	**660 072**	**3 580 918**

Changes in equity from 1 January 2007 to 31 December 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 years	Profit for the current year	
Equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
- reclassification to fair value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
Net change in investments available for sale, net of tax	-	-	78 166	-	-	-	-	-	78 166
Currency translation differences	-	-	(2 894)	-	-	-	-	-	(2 894)
Net profit not recognised in income statement	**-**	**-**	**75 272**	**-**	**-**	**-**	**-**	**-**	**75 272**
Net profit (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**637 231**	**637 231**
Total profit recognised in the current year	**-**	**-**	**75 272**	**-**	**-**	**-**	**-**	**637 231**	**712 503**
Transfer to supplementary capital	-	-	-	274 505	-	-	(274 505)	-	-
Issue of shares	579	13 330	-	-	-	-	-	-	13 909
Stock option program for employees	-	6 577	-	-	(5 929)	-	-	-	648
- value of services provided by the employees	-	-	-	-	*648*	-	-	-	*648*
- settlement of exercised options	-	*6 577*	-	-	*(6 577)*	-	-	-	-
Equity as at 31 December 2007	**118 643**	**1 398 789**	**79 231**	**286 893**	**1 346**	**558 000**	**-**	**637 231**	**3 080 133**

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 years	Profit for the current year	
Equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
- reclassification to fair value through profit and loss account	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2007	**118 064**	**1 378 882**	**3 959**	**12 388**	**7 275**	**558 000**	**274 505**	**-**	**2 353 073**
Net change in investments available for sale, net of tax	-	-	86 635	-	-	-	-	-	86 635
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 the current year	**-**	**-**	**85 106**	**-**	**-**	**-**	**-**	**422 224**	**507 330**
Transfer to supplementary capital	-	-	-	274 505	-	-	(274 505)	-	-
Issue of shares	192	4 424	-	-	-	-	-	-	4 616
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 2008 PLN (000's)

4. Cash Flow Statement

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
A. Cash flow from operating activities	**308 153**	**(1 394 541)**
Profit before income tax	**695 726**	**509 918**
Adjustments:	***(387 573)***	***(1 904 459)***
Income taxes paid (negative amount)	(118 417)	(8 593)
Amortisation	74 066	70 539
Foreign exchange gains (losses)	(106 040)	(77 838)
Gains (losses) on investing activities	(269 993)	(92 370)
Impairment of financial assets	5 700	-
Dividends received	(60 444)	(36 200)
Interest paid	739 480	528 970
Change in loans and advances to banks	(800 932)	24 301
Change in trading securities	1 114 935	(660 723)
Change in derivative financial instruments	(353 565)	(200 217)
Change in loans and advances to customers	(5 115 793)	(5 062 912)
Change in investment securities	808 679	(846 437)
Change in other assets	(43 241)	16 169
Change in amounts due to other banks	390 325	195 744
Change in financial instruments and other trading liabilities	504 493	301 850
Change in amounts due to customers	2 775 185	4 023 466
Change in debt securities in issue	363	275
Change in provisions	3 849	(3 970)
Change in other liabilities	63 777	(76 513)
Net cash from operating activities	**308 153**	**(1 394 541)**
B.Cash flows from investing activities	**237 579**	**116 433**
Investing activity inflows	**324 670**	**204 602**
Disposal of shares or stocks in subsidiaries	-	165 600
Disposal of intangible assets and tangible fixed assets	191	2 802
Other investing inflows	324 479	36 200
Investing activity outflows	**87 091**	**88 169**
Acquisition of shares or stocks in subsidiaries	5	29 053
Purchase of intangible assets and tangible fixed assets	87 086	36 241
Other investing outflows	-	22 875
Net cash used in investing activities	**237 579**	**116 433**
C. Cash flows from financing activities	**2 911 920**	**25 831**
Financing activity inflows	**4 702 684**	**1 201 966**
Proceeds from loans and advances from other banks	3 953 210	228 910
Increase of subordinated liabilities	746 852	968 440
Issue of ordinary shares	2 622	4 616
Financing activity outflows	**1 790 764**	**1 176 135**
Repayments of loans and advances from other banks	1 170 719	119 068
Repayments of other loans and advances	102 798	9 833
Decrease of subordinated liabilities	359 500	967 075
Payments of financial lease liabilities	4 832	-
Other financing outflows	152 915	80 159
Net cash from financing activities	**2 911 920**	**25 831**
Net increase / decrease in cash and cash equivalents (A+B+C)	**3 457 652**	**(1 252 277)**
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	6 105	(5 985)
Cash and cash equivalents at the beginning of the reporting period	7 549 226	8 951 008
Cash and cash equivalents at the end of the reporting period	**11 012 983**	**7 692 746**

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 BRE Bank SA (the "Bank") of the following nature:

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

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

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

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

As at 30 June 2008, the BRE Bank Group covered by the Consolidated Financial Statements comprised the following companies:

BRE Bank SA; the parent entity

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

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

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

In November 2007, foreign branches of mBank in both the Czech Republic and Slovakia opened business under the retail banking umbrella of BRE Bank.

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

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

The average employment in two quarters of 2008 was: in BRE Bank SA 5 090 persons and in the Group 6 688 persons (two quarters of 2007: BRE Bank 4 187, the Group 5 624).

Corporates and Markets, including:

Corporates and Institutions

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

- Transfinance a.s., subsidiary

Trading and Investments

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

Retail Banking (including private banking)

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

Asset Management (discontinued operations Note 19)

- Aegon PTE SA, associate

Remaining business

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

Other information concerning companies of the Group

The detailed description of other companies of the BRE Bank SA Group was presented in the Notes to the Consolidated Financial Statement for the year 2007, published on 28 February 2008.

PTE Skarbiec-Emerytura SA

On 30 June 2008 PTE Skarbiec-Emerytura SA and Aegon PTE SA were merged together.

Prior to the merger the Bank held 8 516 181 shares of PTE Skarbiec-Emerytura SA, which constituted 100% of the share capital and voting rights at the General Meeting of the Company.

Detailed data concerning the merger as well as assets held for sale and discontinued operations were presented under the Note 19 of these financial statements.

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 the BRE Bank Group have been prepared for the 6 - month period ended 30 June 2008.

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 account, as well as all derivative contracts.

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

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

2.2 Consolidation

Subsidiaries

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

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

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

Associates

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

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

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

IFRS Consolidated Financial Statements for the second quarter of 2008 PLN (000's)

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

Company	**Share of voting rights (directly and indirectly)**	**Consolidation method**
BRE Bank Hipoteczny SA	100%	full
BRE Corporate Finance SA	100%	full
BRE Holding Sp. z o.o.	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
Tele-Tech Investment Sp. z o.o.	100%	full
BRE Finance France SA	100%	full
BRE.locum SA	79.99%	full
Polfactor SA	78.12%	full
Magyar Factor zRt.	78.12%	full
Transfinance a.s.	78.11%	full
Intermarket Bank AG	56.24%	full
BRE Leasing Sp. z o.o.	50.004%	full
Aegon PTE SA*	49.67%	equity

* In relation to the merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA of 30 June 2008, described under Note 19 "Assets and liabilities held for sale and discontinued operations", the share of the Group in the net assets of Aegon PTE SA was recognized in the consolidated balance sheet as at 30 June 2008. Simultaneously, the profit generated by PTE Skarbiec-Emerytura SA within two quarters of 2008 was presented in the consolidated profit and loss account.

2.3 Interest Income and Expenses

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

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

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

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

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

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

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

2.4 Fee and Commission Income

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

Commissions comprise payments collected by the Group on account of cash management operations, keeping of customer accounts, managing bank transfers and providing letters of credit. Moreover, commissions comprise revenues from brokerage business activities, as well as commissions received 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; financial assets available for sale. 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 companies of the Group. Derivative instruments are also classified as "held for trading", unless they were designated for hedging.

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

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

a) 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 as and being effective hedging instruments),
b) upon initial recognition, assets/liabilities are designated by the entity at fair value through the Profit and Loss Account.

If a contract contains one or more embedded derivatives, the Group designates the entire hybrid (combined) contract as a financial asset or financial liability at fair value through the Profit and Loss Account provided:

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

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

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

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

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

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

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

Loans and Receivables

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

Held to Maturity Investments

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

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

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

Available for Sale Investments

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

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

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

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

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

If the application of valuation techniques does not ensure obtaining a reliable fair value of investments in equity instruments not quoted on an active market they are stated at cost.

Investments in associates are recognized in the Balance Sheet at the purchase price reduced by impairment.

2.7 Offsetting Financial Instruments

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

2.8 Impairment of Financial Assets

Assets Carried at Amortised Cost

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

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

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

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

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

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

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

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

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

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

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

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

Assets Measured at Fair Value

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

Renegotiated agreements

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

2.9 Financial Guarantee Contracts

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

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

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

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

2.10 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.

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

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

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

As a result of concluding "sell-buy-back" transactions, the Group transfers financial assets in such a way that they do not qualify for derecognition. Thus, the Group retains substantially all risks and rewards of ownership of the financial assets.

2.12 Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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

a) At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instruments effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.
b) The hedge is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship.

c) For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.

d) The effectiveness of the hedge can be reliably measured, i.e., the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.

e) The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

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

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

<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 the Profit and Loss Account over the period to maturity. The adjustment to the carrying amount of the hedged equity security remains in the revaluation reserve until the disposal of the equity security.

<u>Cash Flow Hedges</u>

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

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

In case the hedging instrument has expired or has been sold, or 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.

<u>Derivative Instruments Not Fulfilling the Criteria of Hedge Accounting</u>

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

Market risk instruments:

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

Interest rate risk instruments:

a) Forward Rate Agreement (FRA)
b) Interest Rate Swap (IRS), 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 Gains and Losses on Initial Recognition

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

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

The timing of recognition of deferred day one profit and loss is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the deferred day one profit and loss. Subsequent changes in fair value are recognised immediately in the Profit and Loss Account 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.

<u>Goodwill</u>

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

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

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

<u>Computer software</u>

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

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

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

<u>Development costs</u>

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

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

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

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

2.16 Tangible Fixed Assets

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

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

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

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

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

Land and buildings consist mainly of branch outlets and offices.

Residual values and estimated useful life periods are verified at each Balance Sheet date and adjusted accordingly as the need arises.

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

If 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: carrying value and fair value less costs to sell. Assets classified in this category are not depreciated.

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

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

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

2.18 Deferred Income Tax

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 provisions netted in the Balance Sheet, separately for each subsidiary that is subject to consolidation. Such assets and provisions may be netted against each other if the Group possesses the legal rights allowing it to take them into account when calculating the amount of the tax liability.

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

The Group discloses separately the amount of negative temporary differences (mainly on account of unused tax losses or unutilised tax allowances) in connection with which the deferred 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 by the Group on temporary differences on account of liabilities or assets arising from investments in subsidiaries and associates, except when, on the basis of pieces of evidence held, realisation of temporary differences is controlled by the Group and it is possible that the differences will not reverse in the foreseeable future.

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

2.19 Assets Repossessed for Debt

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

At subsequent measurement the initial amount is tested for impairment.

2.20 Prepayments, Accruals and Deferred Income

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

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

2.21 Leasing

<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.

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

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

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

2.22 Provisions

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

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

2.23 Retirement Benefits and Other Employee Benefits

<u>Retirement Benefits</u>

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.

<u>Benefits Based on Shares</u>

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 vesting conditions that shall be taken into account when estimating the fair value of share options at the measurement date. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each Balance Sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. In accordance with IFRS 2 it is not necessary to recognize the change in fair value of the share-based payment over the term of the program.

2.24 Equity

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

Registered share capital

Share capital is presented at its nominal value, in accordance with the 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 Extraordinary General Meeting but not distributed at the Balance Sheet date, are shown under the liabilities on account of dividends payable under the item of "Other liabilities".

c) Own Shares

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

Share premium

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

Revaluation reserve

Revaluation reserve is formed as a result of:

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

Retained earnings

Retained earnings include:

- other supplementary capital,
- other reserve capital,
- general banking risk fund,
- undistributed 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 By-laws or other regulations.

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 2.82% of own equity of the Group (the effect of the restatement would constitute 7.05% of the item "Share capital");
- consists of reallocation of funds between various items of the own equity, which has no effect on the equity as a whole;
- has material effect on neither the presented financial data nor own funds, both as a whole and on line items;

the Management Board of the Bank believes that such restatement will have no material effect on the accuracy and fairness of the presentation of the Bank's financial position as at, and for the period ended 30 June 2008.

Hyperinflationary adjustments would also have no material effect for the period ended 30 June 2007 (the effect of the restatement would constitute 3.54% of the owners' equity of the Group and 7.13% of the item "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, including foreign branches of the Bank, are valued in the currency of the basic economic environment in which the given entity conducts its business activities ("functional currency"). The Consolidated Financial Statements are presented in Polish zloty, which is the functional currency of the Bank.

Transactions and Balances

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

Foreign exchange differences arising on account of such non-monetary items, 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.

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

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

Companies Belonging to the Group

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

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

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

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

Leasing Business

Negative or positive foreign exchange differences (gains/losses) from the valuation of liabilities on account of credit financing of purchases of assets under operating leasing schemes are recognised in the Profit and Loss Account. In the operating leasing agreements recognised in the Balance Sheet of a 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. In the case of finance lease agreements the foreign exchange differences arising from the valuation of leasing payments due as well as of liabilities denominated in foreign currency are recognised through the Profit and Loss Account at the Balance Sheet date.

2.26 Trust and Fiduciary Activities

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

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

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

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

2.27 New Standards, Interpretations and Amendments to Published Standards

Changes in the published Standards and Interpretations that have come into force since 1 January 2008:

- IFRIC 11, IFRS 2: Group and Treasury Share Transactions, binding for the annual periods starting after 1 March 2007

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

- IFRIC 12, Service Concession Agreements, binding for annual periods starting after 1 January 2008
- IFRIC 13, Customer Loyalty Programmes, binding for annual periods starting after 1 July 2008
- IFRIC 14 – IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, binding for annual periods starting after 1 January 2008
- IFRS 8, Operating Segments, binding for annual periods starting after 1 January 2009
- IAS 23 (Revised), Borrowing Costs, binding for annual periods starting on or after 1 January 2009
- IFRS 2 (Revised), Share-based payment, binding for annual periods starting on or after 1 January 2009
- IFRS 3 (Revised), Business Combinations, binding prospectively to business combinations for which the acquisition date is on or after 1 July 2009
- IAS 27 (Revised), Consolidated and Separate Financial Statements, binding for annual periods starting on or after 1 July 2009
- IAS 32 (Revised), Financial Instruments: Presentation and IAS 1 (Revised), Presentation of Financial Statements-Puttable Financial Instruments and Obligation arising on Liquidation, binding for annual periods starting on or after 1 July 2009

The Group believes that the application of these standards and interpretations will not have a significant effect on the financial statements in the period of their first application.

2.28 Comparative Data

Data prepared as at 30 June 2007 are totally comparable with data intoduced in the current financial period so they were not adjusted.

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

Fair value of derivative instruments

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

Impairment of equity securities available for sale

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

Impairment of debt instruments available for sale

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

Deferred tax

The Group analysed requirements of IAS 12 "Income taxes" and based on paragraph 44, in relation to paragraph 24, recognised a deferred income tax asset due to the temporary difference between the tax value of shares of PTE Skarbiec-Emerytura SA, which stems from historical price of acquisition/taking up of these shares, and the balance sheet value of the shares of Aegon PTE SA, which was presented in the Group's consolidated balance sheet as a result of merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA. The value of such deferred asset in the consolidated financial statements amounts to PLN 61 601 thousand.

4. Business Segments

The classification by business segments is based on client groups and products defined by homogenous transaction characteristics. The classification is consistent with sales management and the philosophy of delivering complex products to the Bank's clients, including both standard banking products and more sophisticated investment products. The method of the presentation of financial results coupled with the business management model ensures constant focus on creating added value in relations with the Bank's and Group companies' 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, trust and fiduciary services, credit and debit cards, consumer and mortgage loans, term deposits for retail customers and small and medium-sized enterprises, financial settlements, operations on bills of exchange, checks and guarantees issue.

Since the beginning of the fourth quarter of 2007, the results of Retail Banking include the results of foreign branches of mBank: mBank Czech Republic and mBank Slovakia. Within the year 2007 the branches provided basic products such as current and savings accounts as well as cash loans and mortgage loans. The aim is to operate a full scope of services typical of retail banking.

Since the beginning of 2007, Retail Banking has also included the results of BRE Wealth Management SA and emFinanse Sp. z o.o. BRE Wealth Management SA provides corporate finance advisory and complex asset management services for wealthy private banking clients. emFinanse Sp z o.o. operates on the market of financial advisors and agents, and sells bank products (cash loans, car loans, mortgage loans) and insurance products.

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

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

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

Within the 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 the international inter-bank market. The Bank also administers overdrafts for import financing and refinancing investment loans for medium-sized and small companies, mainly from the European Investment Bank.

The Corporates and Institutions sub-segment includes the results of the following subsidiaries: BRE Bank Hipoteczny SA, BRE Leasing Sp. z o.o., Dom Inwestycyjny BRE Banku SA, BRE Corporate Finance SA, Intermarket Bank AG, Polfactor SA, Transfinance a.s. and Magyar Factor zRt. The subsidiaries enrich the Bank's offer with commercial and municipal real estate financing, leasing, factoring, publicly traded stocks and securities, purchase and sales of securities on the account of client, merger and acquisition advisory, corporate restructuring consulting and privatization projects. The sub-segment has also comprised the results of BRE Holding Sp. z o.o. since the first quarter of 2008.

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

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

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

3. Asset Management (discontinued operations) includes the results of PTE Skarbiec-Emerytura SA (PTE) for the first half of 2008. On 30 June 2008 PTE Skarbiec-Emerytura SA and Aegon PTE SA were merged together and the result of the transaction was included in the results of this segment. Detailed information concerning the merger as well as assets held for sale and discontinued operations were presented in Note 19 of these financial statements.

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

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

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

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

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

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

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

The business operations of particular companies of the Group are attributed 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 01.01.2008 to 30.06.2008
(PLN'000)

	Corporates & Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation)	Remaining Business	Eliminations	Group
	Corporates & Institutions	Trading & Investments					
Net interest income	**316 635**	**38 937**	**300 766**	**(6 393)**	**(5 274)**	**-**	**644 671**
- sales to external clients	372 459	97 161	176 480	2 430	(3 859)	-	644 671
- sales to other segments	(55 824)	(58 224)	124 286	(8 823)	(1 415)	-	-
Net fee and commission income	**189 591**	**(11 875)**	**115 821**	**13 793**	**(412)**	**12 324**	**319 242**
- sales to external clients	178 340	(2 529)	117 726	13 793	(412)	12 324	319 242
- sales to other segments	11 251	(9 346)	(1 905)	-	-	-	-
Unallocated costs							-
Gross profit / (loss) of the segment	**251 434**	**186 828**	**174 786**	**69 258**	**35 002**	**3 693**	**721 001**
Profit on operating acitivities							721 001
Contribution of profit sharing in associated companies (before tax)	-	-	-	-	-	-	-
Gross profit (before tax)							721 001
Corporate income tax							(56 584)
Net profit attributable to minority interest							24 092
Net profit (after tax)							640 325
Assets of the segment	**25 730 186**	**22 592 237**	**17 572 877**	**398 588**	**903 768**	**(2 495 492)**	**64 702 164**
Total assets							64 702 164
Segment's liabilities	**34 760 108**	**9 412 635**	**17 702 498**	**9 410**	**752 077**	**(1 864 348)**	**60 772 380**
Total liabilities							60 772 380
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(85 603)	(4 286)	(49 704)	(300)	(13 638)	-	(153 531)
Amortisation/depreciation	(52 782)	(5 079)	(34 150)	(557)	(1 597)	188	(93 977)
Losses on credits and loans	(148 646)	(1 816)	(28 847)	-	(83)	-	(179 392)
Other costs/ income without cash outflows/ inflows*	-	(53 937)	1	-	-	-	(53 936)
- other non-cash costs	-	*(1 094 836)*	*1*	-	-	-	*(1 094 835)*
- other non-cash income	-	*1 040 899*	-	-	-	-	*1 040 899*

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

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

	Corporates & Markets		Retail Banking (including Private Banking)	Asset Management (discontinued operation)	Remaining Business	Eliminations	Group
	Corporates & Institutions	Trading & Investments					
Net interest income	**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 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 attributable to minority interest							15 753
Net profit (after tax)							403 866
Assets 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	**27 317 936**	**10 798 843**	**10 229 717**	**14 472**	**840 148**	**(3 388 359)**	**45 812 757**
Total liabilities							45 812 757
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(61 979)	(3 504)	(27 837)	(1 034)	(2 121)	-	(96 475)
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 non-cash costs	-	*(111 714)*	*(2)*	-	-	-	*(111 716)*
- other non-cash income	-	*112 113*	-	-	-	-	*112 113*

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

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5. Net Interest Income

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Interest income		
Loans and advances including the unwind of the impairment provision discount	1 185 889	739 556
Cash and short-term investments	154 173	131 021
Investment securities	129 922	84 437
Trading debt securities	108 910	67 355
Other	17 970	16 632
	1 596 864	**1 039 001**
Interest expense		
Arising from amounts due to banks and customers	(835 639)	(460 143)
Arising from issue of debt securities	(81 957)	(82 832)
Other borrowed funds	(35 328)	(25 053)
Other	(1 699)	(2 043)
	(954 623)	**(570 071)**

Interest income related to financial assets which have been impaired amounted to PLN 12 609 thousand (PLN 5 818 thousand as at 30 June 2007).

6. Net Fee and Commission Income

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Fee and commission income		
Credit activity-related fees and commissions	151 047	106 946
Commissions from payment cards	92 714	68 203
Fees from brokerage activity	39 161	66 585
Commissions from money transfers	35 883	37 750
Commissions from bank accounts	31 372	19 022
Commissions due to guarantees granted and trade finance commissions	19 433	19 239
Commissions on trust and fiduciary activities	5 356	5 455
Fees from portfolio management services and other management-related fees	4 321	5 941
Other	53 614	56 934
	432 901	**386 075**
Fee and commission expense		
Payment cards-related fees	(63 398)	(46 938)
Discharged brokerage fees	(10 268)	(12 746)
Other discharged fees	(53 786)	(36 903)
	(127 452)	**(96 587)**

7. Dividend Income

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Trading securities	1 688	2
Securities available for sale	2 045	2 157
Dividend income, total	**3 733**	**2 159**

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8. Net Trading Income

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Foreign exchange result	**260 461**	**208 443**
Net foreign exchange differences from the translation	318 960	338 952
Net transaction gains and losses	(58 499)	(130 509)
Other net trading income	**(5 994)**	**49 839**
Interest-bearing instruments	(8 381)	20 397
Equities	(3 276)	24 647
Market risk instruments	5 663	4 795
Total net trading income	**254 467**	**258 282**

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

9. Gains less Losses from Investment Securities

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Sale/redemption of the financial assets available for sale by the issuer	137 817	7 161
Total gains and losses from investment securities	**137 817**	**7 161**

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

10. Other Operating Income

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Income from sale or liquidation of tangible and intangible fixed assets and assets held for resale	137 437	39 809
Income from the release of impairment provisions for tangible fixed assets and intangible assets under financial lease agreements and rentals	-	90
Income from recovering receivables designated previously as prescribed, remitted and uncollectible	4 644	1 673
Income from compensation, penalties and fines received	102	67
Income due to release of provisions for future commitments	3 150	2 830
Income from services provided*	25 364	24 394
Other	6 295	8 065
Total other operating income	**176 992**	**76 928**

* concerns non-banking services

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11. Impairment Losses on Loans and Advances

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Impairment losses on amounts due from other banks	234	1 315
Impairemnt losses on off-balance sheet contingent liabilities due to other banks	-	82
Imapirment losses on loans and advances to customers	(61 544)	(13 547)
Impairment losses on off-balance sheet contingent liabilities due to customers	(6 558)	6 284
Total impairment losses on loans and advances	**(67 868)**	**(5 866)**

12. Overhead Costs

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Staff-related expenses (Note 12A)	(347 387)	(283 193)
Material costs	(243 702)	(222 890)
Taxes and fees	(12 264)	(6 295)
Contributions and transfers to the Banking Guarantee Fund	(3 639)	(2 852)
Contributions to the Social Benefits Fund	(2 951)	(2 018)
Other	(3 684)	(4 671)
Total overhead costs	**(613 627)**	**(521 919)**

Staff-related Expenses (12A)

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Wages and salaries	(281 887)	(228 862)
Social security expenses	(43 076)	(37 194)
Pension fund expenses	(476)	(3 034)
Salaries in form of share option program for employees	(4 915)	(648)
Other staff expenses	(17 033)	(13 455)
Staff-related expenses, total	**(347 387)**	**(283 193)**

The average level of employment in the Group in two quarters of 2008 was 6 688 persons (v. 5 624 persons in the first and the second quarter of 2007).

13. Other Operating Expenses

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Costs of selling or liquidation of fixed assets, intangible assets and assets held for resale	(88 599)	(28 060)
Impairment provisions created for tangible and intangible assets	-	(4 656)
Impairment provisions created for other receivables (excluding loans and advances)	(2 473)	(694)
Receivables and liabilities recognised as prescribed, remitted and uncollectible	(534)	(1 204)
Compensation, penalties and fines paid	(266)	(83)
Donations made	(3 276)	(2 256)
Provisions for future commitments	(723)	(4 914)
Costs of sale of services*	(891)	(2 955)
Other operating costs	(6 617)	(5 591)
Total other operating expenses	**(103 379)**	**(50 413)**

* concern non-banking services

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14. Earnings per Share

Earnings per share for 6 months – continued operations

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Basic:		
Net profit from continued operations attributable to the shareholders	563 753	329 704
Weighted average number of ordinary shares	29 670 203	29 535 896
Net basic profit per share (in PLN per share)	**19.00**	**11.16**
Diluted:		
Net profit from continued operations attributable to the shareholders, applied for calculation of diluted earnings per share	563 753	329 704
Weighted average number of ordinary shares	29 670 203	29 535 896
Adjustments for:		
- stock options for employees	6 411	126 098
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 676 614	29 661 994
Diluted earnings per share (in PLN per share)	**19.00**	**11.12**

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

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Basic:		
Net profit from continued and discontinued operations attributable to the shareholders	640 325	403 866
Weighted average number of ordinary shares	29 670 203	29 535 896
Net basic profit per share (in PLN per share)	**21.58**	**13.67**
Diluted:		
Net profit from continued and discontinued operations attributable to the shareholders, applied for calculation of diluted earnings per share	640 325	403 866
Weighted average number of ordinary shares	29 670 203	29 535 896
Adjustments for:		
- stock options for employees	6 411	126 098
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 676 614	29 661 994
Diluted earnings per share (in PLN per share)	**21.58**	**13.62**

15. Trading Securities and Pledged Assets

	30.06.2008	31.12.2007	30.06.2007
Debt securities:	**6 742 732**	**7 026 627**	**7 094 344**
Government bonds included in cash equivalents and pledged government bonds (sell buy back transactions), including:	4 723 878	4 774 608	3 935 525
- pledged government bonds (sell buy back transactions)	2 949 461	3 613 322	3 253 204
Treasury bills included in cash equivalents and pledged treasury bills (sell buy back transactions), including:	952 297	25 623	10 827
- pledged treasury bills (sell buy back transactions)	186 916	14 394	-
Other debt securities:	1 066 557	2 226 396	3 147 992
Equity securities:	**4 270**	**4 263**	**5 914**
- listed	4 270	4 263	5 914
Debt and equity securities, including:	**6 747 002**	**7 030 890**	**7 100 258**
- Trading securities	*3 610 625*	*3 403 174*	*3 847 054*
- Pledged assets	*3 136 377*	*3 627 716*	*3 253 204*

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The note above does not include Treasury and monetary bills pledged under Bank Guarantee Fund in the amount of PLN 97 711 thousand (31 December 2007 and 30 June 2007: PLN 80 442 thousand and 66 026 thousand respectively), which have been classified as investment securities (Note 17).

16. Loans and Advances to Customers

	30.06.2008	31.12.2007	30.06.2007
Loans and advances to individuals	17 114 364	13 876 425	10 510 614
Loans and advances to corporate entities	22 282 691	19 477 259	18 150 561
Loans and advances to public sector	607 966	599 155	942 989
Other receivables	374 245	412 529	248 823
Total (gross) loans and advances to customers	**40 379 266**	**34 365 368**	**29 852 987**
Provisions for loans and advances to customers (negative amount)	(704 765)	(682 703)	(833 485)
Total (net) loans and advances to customers	**39 674 501**	**33 682 665**	**29 019 502**
Short-term (up to 1 year)	13 898 423	13 824 483	12 742 674
Long-term (over 1 year)	25 776 078	19 858 182	16 276 828

The Group presents loans to microenterprises supported by retail banking of BRE Bank (mBank and MultiBank) under the item - loans and advances to individuals. Loans to microenterprises in presented reporting periods amount to respectively: 30 June 2008 – PLN 1 544 700 thousand, 31 December 2007 – PLN 1 147 600 thousand and 30 June 2007 – PLN 967 000 thousand.

17. Investment Securities and Pledged Assets

	30.06.2008	31.12.2007	30.06.2007
Debt securities	**5 163 295**	**6 078 433**	**3 619 805**
- listed	5 124 254	6 014 425	3 531 408
- unlisted	39 041	64 008	88 397
Equity securities	**123 640**	**388 583**	**437 218**
- listed	7 811	10 021	11 446
- unlisted	115 829	378 562	425 772
Total investment securities and pledged assets, including:	**5 286 935**	**6 467 016**	**4 057 023**
- Available for sale securities	*5 189 224*	*6 386 574*	*3 990 997*
- Pledged assets	*97 711*	*80 442*	*66 026*
Short-term (up to 1 year)	1 723 761	3 061 950	178 970
Long-term (over 1 year)	3 563 174	3 405 066	3 878 053

The presented above, valued at fair value equity securities include impairment in the amount of PLN 29 077 thousand as at 30 June 2008 (31 December 2007: PLN 29 076 thousand, 30 June 2007: PLN 29 014 thousand respectively).

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

18. Amounts due to Customers

	30.06.2008	31.12.2007	30.06.2007
Corporate customers	17 051 278	12 932 340	10 782 109
Individual customers	18 983 767	18 764 868	18 379 044
Public sector customers	340 603	704 655	144 563
Total amounts due to customers	**36 375 648**	**32 401 863**	**29 305 716**
Short-term (up to 1 year)	35 730 793	31 765 645	28 512 570
Long-term (over 1 year)	644 855	636 218	793 146

The Group presents amounts due to microenterprises supported by retail banking of BRE Bank (mBank and MultiBank) under the item – amounts due to individuals. The value of commitments due to current accounts as well as commitments due to term deposits taken from microenterprises in presented reporting periods amounts to: 30 June 2008 – PLN 1 273 400 thousand, 31 December 2007 – PLN 1 316 000 thousand, 30 June 2007 – PLN 1 017 700 thousand respectively.

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

On 29 June 2007, the Bank and Aegon Woningen Nova B.V., a 100% shareholder of the company Powszechne Towarzystwo Emerytalne Ergo Hestia S.A. (PTE Ergo Hestia), signed the PTE Ergo Hestia and PTE Skarbiec-Emerytura Merger Agreement and the Option Agreement. Details of these two Agreements were published by the Bank in financial statements prepared for previous reporting periods.

On 28 September 2007, the Bank was informed that the President of the Competition and Consumer Protection Office ("UOKiK") by decision of 27 September 2007 approved the concentration consisting in the merger of Aegon PTE SA and PTE Skarbiec-Emerytura SA. The UOKiK approval was one of the conditions necessary for the merger of these two pension fund companies.

On 7 November 2007, the two pension fund companies submitted merger applications to the Financial Supervision Authority (KNF).

On 9 May 2008, KNF gave the approval of the merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA together with other merger-related decisions. The KNF merger decisions finally fulfilled the conditions precedent of the merger under the pension fund companies' merger agreement.

On 30 June 2008, the registration court for the capital city of Warsaw registered the merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA.

The merger consisted in the transfer of all assets of PTE Skarbiec–Emerytura SA, the acquired company, to Aegon PTE SA, the acquiring company.

In connection with the registration of the merger and with implementation of the above mentioned merger agreement, Aegon PTE S.A. transferred to the Bank 54 812 shares of Aegon PTE SA with a nominal value of PLN 1 000 per share. The shares represent 49.7% of the share capital of Aegon PTE S.A. and give 54 812 votes at the General Meeting of Aegon PTE SA, equivalent to 49.7% of the total number of votes at the General Meeting of the company.

Prior to the transaction, the Bank did not hold any shares of Aegon PTE SA.

Sale of the shares of Aegon PTE SA will be possible after the approval of KNF.

Prior to the merger, the Bank held 8 516 181 shares of PTE Skarbiec-Emerytura SA representing 100% of the share capital and votes at the General Meeting of the company.

<u>Accounting for the merger transaction:</u>

a) Accounting for the merger transaction in the individual statements of BRE Bank.

The value of the shares on the books of the Bank was PLN 335 819 thousand before the merger. On 30 June 2008, the Bank reversed revaluation of the shares of PTE Skarbiec-Emerytura on the books of the Bank to PLN 468 039 thousand. That value was calculated on the basis of the selling price in the amount of PLN 482 546 thousand less estimated transaction costs in the amount of PLN 14 507 thousand. Subsequently, the Bank booked the conversion of shares of PTE Skarbiec-Emerytura to shares of Aegon PTE SA.

The profit before tax of BRE Bank on the reversed impairment and the conversion of shares of PTE Skarbiec-Emerytura to shares of Aegon PTE SA net of the transaction cost was PLN 132 220 thousand and was recognised under "Gains less losses on investment securities" in the Profit and Loss Account.

In addition, as a result of the transaction, the Bank recognised a deferred income tax asset of PLN 51 751 thousand.

The value of shares of Aegon PTE SA on the books of the Bank was PLN 468 039 thousand at 30 June 2008. The Bank presents the investment in the shares of Aegon PTE SA under assets held for sale in the financial statements.

b) Accounting for the merger transaction in the consolidated statements of the BRE Bank Group.

The net asset value and goodwill of PTE Skarbiec-Emerytura in the consolidated financial statements of the Group was PLN 348 952 thousand before the merger.

The value of shares of Aegon PTE SA in the consolidated financial statements of the Group was PLN 416 150 thousand at 30 June 2008 and was determined on the basis of the share conversion ratio and the fair value of the net assets of the merged companies pursuant to IFRS 3 "Business Combinations".

The profit before tax of the BRE Bank Group on the merger of the two companies and the acquisition of shares of Aegon PTE SA was PLN 67 198 thousand in the second quarter of 2008.

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In addition, the Group recognised a deferred income tax asset of PLN 61 601 thousand. Founding of the asset was recognised as decrease in tax liability in relation to continued operations, because it will be eligible for realisation in relation to the Group's profits from continued operations

The shares of Aegon PTE SA were presented under assets held for sale in the consolidated financial statements of the Group.

The profit of PTE Skarbiec-Emerytura SA generated in the first half of 2008 was presented under "Asset Management – Discontinued Operations" (Note 4) in the Group's business segment reporting.

Financial data presented below concern non-current assets (disposal groups) held for sale as at 30 June 2008, 31 December 2007 and 30 June 2007 and discontinued operations for periods: from 1 January to 30 June 2008 and from 1 January to 30 June 2007.

Financial data concerning balance sheet positions connected with the assets held for sale as at 30 June 2008, 31 December 2007 and 30 June 2007 are as follows:

	30.06.2008	31.12.2007	30.06.2007
Assets held for sale, including:			
Cash and balances with the Central Bank	-	-	-
Loans and advances to banks	-	4 064	6 843
Trading securities	-	-	-
Investment securities	-	88 744	78 499
- held to maturity	-	88 744	78 499
Investments in associates	416 150	-	-
Intangible assets (including goodwill)	-	221 012	221 027
Tangible fixed assets	-	1 336	1 527
Deferred income tax assets	-	1 307	2 673
Other assets	-	19 615	13 537
Total assets held for sale	**416 150**	**336 078**	**324 106**

	30.06.2008	31.12.2007	30.06.2007
Liabilities held for sale, including:			
Other liabilities	-	10 596	8 707
Provisions	-	1 947	1 611
Total liabilities held for sale	**-**	**12 543**	**10 318**

Financial data concerning Profit and Loss Account items related to assets held for sale and discontinued operations for the period from 1 January to 30 June 2008 and the period from 1 January to 30 June 2007 are as follows:

the period	**from 01.01.2008 to 30.06.2008**	**from 01.01.2007 to 30.06.2007**
Interest income	2 430	1 597
Interest expense	-	(2)
Net interest income	**2 430**	**1 595**
Fee and commission income	25 376	21 935
Fee and commission expense	(11 583)	(9 502)
Net fee and commission income	**13 793**	**12 433**
Net trading income, including:	(1)	-
Foreign exchange result	*(1)*	-
Other operating income	701	27
Overhead costs	(4 935)	(4 408)
Amortization and depreciation	(245)	(199)
Other operating expenses	(33)	(4 707)
Operating profit	**11 710**	**4 741**
Income from sale / income from merger of assets held for disposal*	67 198	89 458
Profit (loss) before income tax from discontinued operations	**78 908**	**94 199**
Income tax expense	(2 336)	(20 037)
Net profit (loss) from discontinued operations including minority interest	**76 572**	**74 162**
Net profit attributable to minority interest	-	-
Net profit (loss) from discontinued operations	**76 572**	**74 162**

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* As at 30 June 2007, the amount of PLN 89 458 thousand is an income from sale of shares of Skarbiec-Emerytura Holding SA. As at 30 June 2008, the amount of 67 198 thousand is the Group's income from merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA.

Financial data concerning cash flows related to assets held for sale and discontinued operations for the period from 1 January to 30 June 2008 and the period from 1 January to 30 June 2007 are as follows:

the period	**from 01.01.2008 to 30.06.2008**	**from 01.01.2007 to 30.06.2007**
Cash flow from operating activities	10 680	(2 667)
Cash flows from investing activities	-	153 957
including sale of assets held for sale	-	*154 705*

Earnings per share for 6 months – discontinued operations

the period	**from 01.01.2008 to 30.06.2008**	**from 01.01.2007 to 30.06.2007**
Basic:		
Net profit from discontinued operations attributable to shareholders	76 572	74 162
Weighted average number of ordinary shares	29 670 203	29 535 896
Net basic profit per share (in PLN per share)	**2.58**	**2.51**
Diluted:		
Net profit from discontinued operations attributable to the shareholders, applied for calculation of diluted earnings per share	76 572	74 162
Weighted average number of ordinary shares	29 670 203	29 535 896
Adjustments for:		
- stock options for employees	6 411	126 098
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 676 614	29 661 994
Diluted earnings per share (in PLN per share)	**2.58**	**2.50**

Selected explanatory information

1. Compliance with International Financial Reporting Standards

The presented concise report for the second quarter of 2008 fulfills the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" relating to the interim financial reports.

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

A detailed description of the accounting policy principles of the Group are presented under items 2 and 3 of the Notes to the Consolidated Financial Statements for the second quarter of 2008. The accounting policies were applied consistently over all of the presented periods.

3. Seasonal or cyclical nature of the business

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

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

- On 30 April 2008, in accordance with a loan agreement concluded between BRE Bank and Bayerische Landesbank on 25 April 2008, the Bank received a loan in the amount of EUR 150 000 thousand (PLN 519 060 thousand at average NBP exchange rate of 30 April 2008) for the purpose of fulfilling general financial needs of the Bank. The loan is granted for 3 years, the interest rate consists of LIBOR 6M plus margin.
- On 25 April 2008 BRE Bank entered into a loan agreement with Commerzbank AG. In accordance with the agreement, the Bank received a loan in the amount of CHF 1 000 000 thousand for the purpose of fulfilling general financial needs of the Bank. The loan is granted for 3 years, the interest rate consists of LIBOR 3M plus margin. On 28 April 2008 the Bank received the first tranche in the amount of CHF 700 000 thousand (PLN 1 490 580 thousand at average NBP exchange rate of 28 April 2008). The Bank received the second tranche in the amount of CHF 300 000 thousand on 29 May 2008 (PLN 623 130 thousand at average NBP exchange rate of 29 May 2008).
- On 24 June 2008 the Bank issued subordinated bonds of unspecified maturity, with variable interest rate, of total par value of CHF 90 000 thousand (PLN 186 732 thousand at average NBP exchange rate of 24 June 2008). The bonds were fully acquired, at par value, by Commerzbank AG (the Bank is an indirect subsidiary of the Investor), on the basis of the Note Issuance Facility Agreement of 11 June 2008. Following the above mentioned issuance, the Bank obtained the funds in respect of which it applied to the Financial Supervision Authority ('KNF') for classification as supplementary funds. The consent was given by KNF on 1 July 2008.
- On 24 June 2008 on the basis of the agreement of 11 June 2008, Commerzbank AG granted a subordinated loan to the Bank of value of CHF 90 000 million (PLN 186 732 thousand at average NBP exchange rate of 24 June 2008) with a ten-year repayment term and variable interest rate. The Bank has applied to the Financial Supervision Commission for permission to include funds raised from the loan in supplementary funds of the Bank.
- On 30 June 2008, PTE Skarbiec-Emerytura SA and Aegon PTE SA were merged together. The transaction was described in detail under Note 19 of these financial statements.

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

In the second quarter of 2008 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 of 2008 BRE Bank issued subordinated bonds of total par value of EUR 90 000 thousand (PLN 186 732 thousand at average NBP exchange rate of 24 June 2008). The issuance was described under item 4 of Selected explanatory information. BRE Bank Hipoteczny issued bonds in the amount of PLN 646 402 thousand and mortgage bonds in the amount of PLN 450 000 thousand. In the same period the company redeemed bonds in the amount of PLN 691 800 thousand and mortgage bonds in the amount of PLN 224 350 thousand. Moreover, in the second quarter of 2008, BRE Leasing issued short-term bonds in the amount of PLN 150 000 thousand. In the same period, redemption in the amount of PLN 50 000 thousand took place at the company.

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

Pursuant to the resolution on profit distribution for the year 2007, adopted on 14 March 2008 by the 21st Ordinary General Shareholders Meeting of BRE Bank SA, no dividend for 2007 will be paid.

8. Income and profit by business segment

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

9. Significant events after the end of the second quarter of 2008, which were not reflected in the financial statement

- On 30 June 2008 the court of registration registered the merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA and simultaneously removed PTE Skarbiec-Emerytura from the register of enterprises. On 15 July 2008 BRE Bank applied a statement on share options exercise in coupled Aegon PTE. On 21 July 2008 BRE Bank and Aegon Woningen Nova BV concluded an agreement on sale of shares of Aegon PTE, being the property of BRE Bank. The sale of shares by BRE Bank is subject to approval of Polish Financial Supervision Authority.
- On 4 July 2008 BRE Bank entered into a loan agreement with Commerzbank AG. In accordance with the agreement, the Bank will receive a loan in the amount of CHF 1 000 000 thousand (PLN 2 066 300 thousand at average NBP exchange rate of 4 July 2008). On 15 July 2008 the Bank received the first tranche in the amount of CHF 500 000 thousand (PLN 1 012 400 thousand at average NBP exchange rate of 15 July 2008). The second tranche in the amount of PLN 500 000 thousand the Bank will receive up to 15 August 2008.

10. The effect of changes in the structure of the entity in the second quarter of 2008, including business combinations, acquisitions or disposal of subsidiaries, long-term investments, restructuring, and discontinuation of business activities

Apart from changes described under Note 19 of these financial statements, concerning the merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA, the above indicated events had no significant impact on the Group in the second quarter of 2008.

11. Changes in contingent liabilities and commitments

In the second quarter of 2008 there were no changes in contingent liabilities and commitments of a credit nature, i.e., guarantees, letters of credit or unutilised loan amounts, other than resulting from current operating activities of the Group. There was no single case of granting of guarantees or any other contingent liability of any material value for the Group.

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

The above indicated events did not occur in the Group.

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

In the second quarter of 2008, no significant impairment loss write-offs were recorded in relation to any tangible fixed assets and intangible assets nor were any significant reversals on such account recorded in the Group.

In relation to the merger of PTE Skarbiec-Emerytura SA and Aegon PTE SA , described under Note 19 to these financial statements, BRE Bank recorded reversals of impairment of shares of PTE Skarbiec-Emerytura (net of transaction costs estimates, concerning the sale of Aegon PTE's shares) in the amount of PLN 132 220 thousand in the stand-alone financial statements.

14. Reversals of provisions against restructuring costs

The above indicated events did not occur in the Group.

15. Acquisitions and disposals of tangible fixed asset items

In the second quarter of 2008, there were no material transactions of acquisition or disposal of any tangible fixed assets, with the exception of typical lease and developer operations that are performed by the companies of the Group.

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

The above indicated events did not occur in the Group.

17. Corrections of errors from previous reporting periods

In the second quarter of 2008, 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 2008. The description of the business strategy and goals of the Bank published in current report no. 25/2007 is not a performance forecast in the sense of § 5.1.25 of the Regulation of the Minister of Finance of 19 October 2005 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 2008 was 29 687 937 shares (v. 29 564 034 as at 30 June 2007) with PLN 4 nominal value each (PLN 4 in 2007). All issued shares were fully paid.

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REGISTERED SHARE CAPITAL (THE STRUCTURE)								
Series / issue	**Share type**	**Type of privilege**	**Type of limitation**	**Number of shares**	**Series / issue value**	**Paid up**	**Registered on**	**Dividend right since**
11-12-86	ordinary bearer**	-	-	9 972 500	39 890 000	fully paid up in cash	23-12-86	01-01-89
11-12-86	ordinary registered**	-	-	27 500	110 000	fully paid up in cash	23-12-86	01-01-89
20-10-93	ordinary bearer	-	-	2 500 000	10 000 000	fully paid up in cash	04-03-94	01-01-94
18-10-94	ordinary bearer	-	-	2 000 000	8 000 000	fully paid up in cash	17-02-95	01-01-95
28-05-97	ordinary bearer	-	-	4 500 000	18 000 000	fully paid up in cash	10-10-97	10-10-97
27-05-98	ordinary bearer	-	-	3 800 000	15 200 000	fully paid up in cash	20-08-98	01-01-99
24-05-00	ordinary bearer	-	-	170 500	682 000	fully paid up in cash	15-09-00	01-01-01
21-04-04	ordinary bearer	-	-	5 742 625	22 970 500	fully paid up in cash	30-06-04	01-01-04
21-05-03	ordinary bearer	-	-	2 355	9 420	fully paid up in cash	05-07-05*	01-01-05
21-05-03	ordinary bearer	-	-	11 400	45 600	fully paid up in cash	05-07-05*	01-01-05
21-05-03	ordinary bearer	-	-	37 164	148 656	fully paid up in cash	11-08-05*	01-01-05
21-05-03	ordinary bearer	-	-	44 194	176 776	fully paid up in cash	09-09-05*	01-01-05
21-05-03	ordinary bearer	-	-	60 670	242 680	fully paid up in cash	18-10-05*	01-01-05
21-05-03	ordinary bearer	-	-	13 520	54 080	fully paid up in cash	12-10-05*	01-01-05
21-05-03	ordinary bearer	-	-	4 815	19 260	fully paid up in cash	14-11-05*	01-01-05
21-05-03	ordinary bearer	-	-	28 580	114 320	fully paid up in cash	14-11-05*	01-01-05
21-05-03	ordinary bearer	-	-	53 399	213 596	fully paid up in cash	08-12-05*	01-01-05
21-05-03	ordinary bearer	-	-	14 750	59 000	fully paid up in cash	08-12-05*	01-01-05
21-05-03	ordinary bearer	-	-	53 320	213 280	fully paid up in cash	10-01-06*	10-01-06*
21-05-03	ordinary bearer	-	-	3 040	12 160	fully paid up in cash	10-01-06*	10-01-06*
21-05-03	ordinary bearer	-	-	46 230	184 920	fully paid up in cash	08-02-06*	08-02-06*
21-05-03	ordinary bearer	-	-	19 700	78 800	fully paid up in cash	08-02-06*	08-02-06*
21-05-03	ordinary bearer	-	-	92 015	368 060	fully paid up in cash	09-03-06*	09-03-06*
21-05-03	ordinary bearer	-	-	19 159	76 636	fully paid up in cash	09-03-06*	09-03-06*
21-05-03	ordinary bearer	-	-	8 357	33 428	fully paid up in cash	11-04-06*	11-04-06*
21-05-03	ordinary bearer	-	-	800	3 200	fully paid up in cash	11-04-06*	11-04-06*
21-05-03	ordinary bearer	-	-	108 194	432 776	fully paid up in cash	16-05-06*	16-05-06*
21-05-03	ordinary bearer	-	-	20 541	82 164	fully paid up in cash	16-05-06*	16-05-06*
21-05-03	ordinary bearer	-	-	17 000	68 000	fully paid up in cash	09-06-06*	09-06-06*
21-05-03	ordinary bearer	-	-	2 619	10 476	fully paid up in cash	09-06-06*	09-06-06*
21-05-03	ordinary bearer	-	-	33 007	132 028	fully paid up in cash	10-07-06*	10-07-06*
21-05-03	ordinary bearer	-	-	2 730	10 920	fully paid up in cash	10-07-06*	10-07-06*
21-05-03	ordinary bearer	-	-	48 122	192 488	fully paid up in cash	09-08-06*	09-08-06*
21-05-03	ordinary bearer	-	-	700	2 800	fully paid up in cash	12-09-06*	12-09-06*
21-05-03	ordinary bearer	-	-	3 430	13 720	fully paid up in cash	11-10-06*	11-10-06*
21-05-03	ordinary bearer	-	-	38 094	152 376	fully paid up in cash	10-11-06*	10-11-06*
21-05-03	ordinary bearer	-	-	15 005	60 020	fully paid up in cash	08-12-06*	08-12-06*
21-05-03	ordinary bearer	-	-	800	3 200	fully paid up in cash	10-01-07*	10-01-07*
21-05-03	ordinary bearer	-	-	200	800	fully paid up in cash	16-02-07*	16-02-07*
21-05-03	ordinary bearer	-	-	1 150	4 600	fully paid up in cash	09-03-07*	09-03-07*
21-05-03	ordinary bearer	-	-	9 585	38 340	fully paid up in cash	09-03-07*	09-03-07*
21-05-03	ordinary bearer	-	-	600	2 400	fully paid up in cash	11-04-07*	11-04-07*
21-05-03	ordinary bearer	-	-	32 964	131 856	fully paid up in cash	17-05-07*	17-05-07*
21-05-03	ordinary bearer	-	-	2 700	10 800	fully paid up in cash	15-06-07*	15-06-07*
21-05-03	ordinary bearer	-	-	8 640	34 560	fully paid up in cash	12-07-07*	12-07-07*
21-05-03	ordinary bearer	-	-	41 898	167 592	fully paid up in cash	14-08-07*	14-08-07*
21-05-03	ordinary bearer	-	-	400	1 600	fully paid up in cash	14-09-07*	14-09-07*
21-05-03	ordinary bearer	-	-	2 540	10 160	fully paid up in cash	11-10-07*	11-10-07*
21-05-03	ordinary bearer	-	-	30 807	123 228	fully paid up in cash	15-11-07*	15-11-07*
21-05-03	ordinary bearer	-	-	12 349	49 396	fully paid up in cash	13-12-07*	13-12-07*
21-05-03	ordinary bearer	-	-	700	2 800	fully paid up in cash	13-02-08*	13-02-08*
21-05-03	ordinary bearer	-	-	2 410	9 640	fully paid up in cash	19-03-08*	19-03-08*
21-05-03	ordinary bearer	-	-	650	2 600	fully paid up in cash	15-04-08*	15-04-08*
21-05-03	ordinary bearer	-	-	18 609	74 436	fully paid up in cash	19-05-08*	19-05-08*
21-05-03	ordinary bearer	-	-	4 900	19 600	fully paid up in cash	13-06-08*	13-06-08*
Total number of shares				**29 687 937**				
Total registered share capital					**118 751 748**			
Nominal value per share (in PLN)			4					

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

21. Material share packages

There was a change in the holding of material share packages of BRE Bank SA in the second quarter of 2008.

Commerzbank Auslandsbanken Holding AG is a shareholder holding over 5% of the share capital and votes at the General Meeting and as at 30 June 2008 it held 69.792% of the share capital and votes at the General Meeting of BRE Bank SA (as at 31 March 2008 – 69.8485%).

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

	Number of shares held as at the date of publishing the report for Q1 2008	Number of shares acquired from the date of publishing the report for Q1 2008 to the date of publishing the report for Q2 2008	Number of shares sold from the date of publishing the report for Q1 2008 to the date of publishing the report for Q2 2008	Number of shares held as at the date of publishing the report for Q2 2008
Management Board				
1. Mariusz Grendowicz	-	-	-	-
2. Andre Carls	-	-	-	-
3. Wiesław Thor	5 609	-	-	5 609
4. Bernd Loewen	-	-	-	-
5. Jarosław Mastalerz	1 378	-	-	1 378
6. Christian Rhino	-	-	-	-

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

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

23. Earnings per share (stand alone data)

Earnings per share for 6 months

the period	from 01.01.2008 to 30.06.2008	from 01.01.2007 to 30.06.2007
Basic:		
Net profit	660 072	422 224
Weighted average number of ordinary shares	29 670 203	29 535 896
Net basic profit per share (in PLN per share)	**22.25**	**14.30**
Diluted:		
Net profit attributable to the shareholders, applied for calculation of diluted earnings per share	660 072	422 224
Weighted average number of ordinary shares in issue	29 670 203	29 535 896
Adjustments for:		
- stock options for employees	6 411	126 098
Weighted average number of ordinary shares for calculation of diluted earnings per share	29 676 614	29 661 994
Diluted earnings per share (in PLN per share)	**22.24**	**14.23**

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

As at 30 June 2008, BRE Bank SA ("Bank") was not involved in any proceedings before a court, arbitration body, or public administration authority concerning liabilities of the Bank or its subsidiaries whose value would be equal to or greater than 10% of the Bank's equity. Moreover, the total value of claims concerning liabilities of the issuer or its subsidiary in all proceedings before a court, an arbitration body or a public administration authority underway at 30 June 2008 also was not greater than 10% of the issuer's equity.

Report on major proceedings concerning contingent liabilities of the issuer

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

   At present proceedings against BRE Bank in the Court of Jerusalem takes place initiated by Bank Leumi and an insurance company of Bank Leumi "Migdal Insurance Company" it is an action for indemnity in the amount of USD 13.5 million (PLN 28.6 million according to the average exchange rate of the National Bank of Poland of 30 June 2008). In this action, which was originally initiated by ART-B Sp. z o.o. Eksport – Import with its registered office in Katowice ("ART-B") under liquidation, against the main defendant Bank Leumi, BRE Bank was garnished by Bank Leumi due to a settlement between ART-B and Bank Leumi and Migdal Insurance Company, on the basis of which ART-B received from Bank Leumi and Migdal Insurance Company an amount of USD 13.5 million. Currently Bank Leumi and Migdal Insurance Company claim from BRE Bank refund of the amount paid to ART-B that is USD 13.5 million. BRE Bank's liability towards Bank Leumi and Migdal Insurance Company is under recourse. The proceeding is at a pre-trial stage, prior to the first hearing.

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

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

The Court has not yet made a decision on personal evidence. However, it seems, that the possibility of accepting the application for hearing of all witnesses is high. This can mean that the hearing of evidence in the court of first instance will be long (the Bank estimates that the proceedings in the Regional Court in Warsaw might take up to 2 years).

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

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

The dispute focuses on determination of the value of the right to perpetual usufruct of real estate located at ul. Garbary on the day (December 2000) of contribution in kind of the right to perpetual usufruct to Milenium Center Sp. z o.o. (now Garbary Sp. z o.o.). The claimant filled for hearing of over twenty witnesses. The Court has not yet made a decision on personal evidence. This might cause a risk of long hearing of evidence in the court of first instance.

Legal counsellors of Garbary raised an objection that there are no grounds for accepting representation in proceedings at law of Pekao SA Bank in the place of BPH SA Bank. The Court should dismiss the claim against Garbary Sp. z o.o., if it agrees on the standpoint of Garbary.

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

Bank BPH SA on 17 February 2005 brought to court a case to pay damages in the amount of PLN 34 880 thousand with statutory interests from 20 November 2004 to the day of payment, due to alleged illegal actions such as the sale by Pozmeat SA to Tele-Tech Investment Sp. z o.o. of all shares in the equity of Garbary Sp. z o.o. (previously Milenium Center Sp. z o.o.), an important part of its assets, when insolvency was a threat to the company.

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

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

As at 30 June 2008, 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 2008 did not go above 10% of the issuer's equity.

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Taxes

Within the period from 14 May to 30 June 2008, the officers of the First Mazovian Treasury Office carried out tax audits, concerning correctness of the payment of the corporate income tax to the Treasury for the period from 1 January to 31 December 2005. The audits did not indicate any irregularities that would have material impact on financial statements.
In the fourth quarter of 2007, tax audits concerning correctness of the payment of the corporate income tax to the Treasury for the year 2002 were carried out at the BRE Bank and the findings of the audits were presented in the report of 21 December 2007. The audits did not indicate any irregularities and consequently BRE Bank did not make any reservations or explanations to the report.

There were no tax audits at the companies of the Group within the first half of 2008 or within the year 2007.

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

25. Off-balance sheet liabilities

Off-balance sheet liabilities as at 30 June 2008, 31 December 2007 and 30 June 2007.

Consolidated data

as at	30.06.2008	31.12.2007	30.06.2007
Contingent liabilities granted and received	**19 537 331**	**19 375 148**	**17 477 087**
Commitments granted	**18 453 339**	**17 140 138**	**14 585 434**
- financing	14 965 517	14 101 941	11 982 686
- guarantees	2 743 908	2 520 287	2 506 919
- other commitments	743 914	517 910	95 829
Commitments received	**1 083 992**	**2 235 010**	**2 891 653**
- financing	252 071	1 317 021	1 962 289
- guarantees	539 939	635 627	673 643
- other commitments	291 982	282 362	255 721
Liabilities related to purchase/sale transactions	**736 337 957**	**636 990 965**	**641 934 457**
Total off-balance sheet items	**755 875 288**	**656 366 113**	**659 411 544**

Stand-alone data

as at	30.06.2008	31.12.2007	30.06.2007
Contingent liabilities granted and received	**17 239 039**	**17 131 217**	**16 323 894**
Liabilities granted	**16 765 182**	**16 147 207**	**14 455 001**
- financing	13 297 419	12 409 672	10 271 468
- guarantees	2 724 284	3 219 625	4 087 704
- others	743 479	517 910	95 829
Liabilities received	**473 857**	**984 010**	**1 868 893**
- financing	78 514	500 000	1 354 223
- guarantees	395 343	484 010	514 670
Liabilities arising from purchase/sale operations	**738 190 872**	**636 193 783**	**642 958 411**
Total off-balance sheet items	**755 429 911**	**653 325 000**	**659 282 305**

26. Transactions with related entities

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

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

- On 25 April 2008, in accordance with the service sub-issue agreement concluded between BRE Bank and BRE Bank Hipoteczny ("BBH") on 23 April 2008, BRE Bank took up 250 thousand pieces of 3-year mortgage bonds issued by BBH of PLN 250 000 thousand in total.
- On 25 April 2008 BRE Bank entered into a loan agreement with Commerzbank AG. In accordance with the agreement, the Bank received a loan in the amount of CHF 1 000 000 thousand for the purpose of fulfilling general financial needs of the Bank. The loan is granted for 3 years, interest rate consists of LIBOR 3M plus margin. On 28 April 2008 the Bank received the first tranche in the amount of CHF 700 000 thousand (PLN 1 490 580 thousand at average NBP exchange rate of 28 April 2008). The Bank received the second tranche in the amount of CHF 300 000 thousand on 29 May 2008 (PLN 623 130 thousand at average NBP exchange rate of 29 May 2008).
- On 24 June 2008 the Bank entered into the Agreemnt on Underwriting Rate with BRE.locum (the Bank's subsidiary). On the basis of the agreement, the Bank was committed to underwrite the assumption of bonds issued by the company up to the maximum amount of PLN 180 000 thousand. The agreement was concluded for the period from 1 July 2008 to 30 June 2009.The aforementioned agreement is the highest-value agreement entered into with the company within the last 12 months. The total amount of agreements concerning the issue of bonds by BRE.locum and their assumption underwriting by the Bank amounts to PLN 363 000 thousand.
- On 24 June 2008 the Bank issued subordinated bonds of unspecified maturity, with variable interest rate, of total par vaue of CHF 90 000 thousand (PLN 186 732 thousand at average NBP exchange rate of 24 June 2008). The bonds were fully acquired, at par value, by Commerzbank AG (the Bank is an indirect subsidiary of the Investor), on the basis of the Note Issuance Facility Agreement of 11 June 2008. Following the above mentioned issuance, the Bank obtained the funds in respect of which it applied to the Financial Supervision Authority ('KNF') for classification as supplementary funds. The consent was given by KNF on 1 July 2008.
- On 24 June 2008 on the basis of the agreement of 11 June 2008, Commerzbank AG granted a subordinated loan to the Bank of value of CHF 90 000 million (PLN 186 732 thousand at average NBP exchange rate of 24 June 2008) with a ten-year repayment term and variable interest rate. The Bank has applied to the Financial Supervision Commission for permission to include funds raised from the loan in supplementary funds of the Bank.

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

The amounts of transactions with related entities, i.e., receivable balances and commitment balances and related expenses and income as at 30 June 2008, 31 December 2007 and 30 June 2007 were as follows:

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Numerical data concerning transactions with related entities - 30 June 2008

No.	Company's name	Balance sheet		Profit and Loss Account				Off-balance sheet items	
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	ServicePoint Sp. z o.o.	0	456	3	(3)	4	0	500	0
2	BRE Ubezpieczenia TU SA	0	7 361	0	(236)	4	0	0	0
3	BREL-MAR Sp. z o.o.	0	0	0	0	1	0	0	0
4	AMBRESA Sp. z o.o.	0	447	0	0	1	0	0	0
5	BRELINVEST Sp. z o.o. Fly 2 Commandite Company	0	72	0	0	1	0	0	0
	Associated								
	Aegon PTE SA	0	6 079	0	(117)	6	0	0	0
	Xtrade S.A.	0	112	0	(3)	4	0	0	0
	Ultimate Parent Group								
	Commerzbank AG Group	622 009	13 099 104	8 942	(216 918)	0	0	103 628	109 914

Numerical data concerning transactions with related entities - 31 December 2007

No.	Company's name	Balance sheet		Profit and Loss Account				Off-balance sheet items	
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	ServicePoint Sp. z o.o.	155	74	1	(14)	10	0	345	0
2	BRELINVEST Sp. z o.o. Fly 2 Commandite Company	0	1	0	(8)	1	0	0	0
3	BRE Holding Sp. z o.o.	0	98	0	0	0	0	0	0
4	BREL-MAR Sp. z o.o.	0	1	0	0	1	0	0	0
5	AMBRESA Sp. z o.o.	0	354	0	0	2	0	0	0
6	BRE Ubezpieczenia Sp. z o.o.	0	8 383	0	(121)	2	0	0	0
	Associated								
	Xtrade SA	0	61	0	(4)	7	0	0	0
	Ultimate Parent Group								
	Commerzbank AG Group	387 525	9 861 963	25 838	(246 096)	0	0	54 308	106 369

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Numerical data concerning transactions with related entities - 30 June 2007

No.	Company's name	Balance sheet		Profit and Loss Account				Off-balance sheet items	
		Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality								
1	ServicePoint Sp. z o.o.	500	747	0	(8)	2	0	0	0
2	FAMCO SA	0	0	0	(69)	2	0	0	0
3	BRELINVEST Sp. z o.o. Fly 2 Commandite Company	0	7	0	(3)	0	0	0	0
4	BREL-MAR Sp. z o.o.	0	1	0	0	0	0	0	0
5	AMBRESA Sp. z o.o.	0	837	0	0	0	0	0	0
6	BRE Ubezpieczenia Sp. z o.o.	0	2 649	0	(42)	0	0	0	0
7	BRE Ubezpieczenia TU SA	1 500	2 679	1	(81)	2	0	0	0
	Associated								
	Xtrade S.A.	0	3	0	0	3	0	0	0
	Ultimate Parent Group								
	Commerzbank AG Group	91 030	6 686 506	12 478	(88 933)	0	0	151 935	1 531 802

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 2008 related to guarantees of the redemption of euronotes issued by order of BRE Finance France SA (issuer of eurobonds), a 100%-owned subsidiary of BRE Bank SA. The guarantee of USD 10 million took effect in December 2004 and it is valid up to December 2009. The guarantee of EUR 225 million, granted in October 2004, was repaid in October 2007 and the guarantee of EUR 200 million, granted in June 2005, was repaid in June 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

On 15 July 2008, Mr Andre Carls, Member of the Management Board and Finance Director of the Bank resigned from the office as of 4 September 2008.

On the same day, Mr Martin Blessing, Member of the Supervisory Board of the Bank, resigned from the office as of 4 September 2008.

Following the resignation of Mr Martin Blessing from membership in the Supervisory Board of BRE Bank, the Board's Chairman informed that during the next meeting he would move for appointing Mr Andre Carls member of the Supervisory Board, on recommendation of Commerzbank AG. Moreover, at the next meeting the Supervisory Board of BRE Bank will also elect the successor of Mr Andre Carls on the Bank's Management Board.

29. Factors affecting the results in the coming quarter

As said under item 9 of Selected explanatory information, on 21 July 2008 BRE Bank and Aegon Woningen Nona BV entered into agreement on sale of shares of Aegon PTE, being the property of the Bank. Sale of shares by BRE Bank is subject to the approval of Polish Financial Supervision Authority ("KNF"). Depending on the date of the KNF's decision, the Group, apart from current operating activity of both its companies and the Bank, will realize the result from the transaction of sale of Aegon PTE's shares in the third quarter of 2008.