BRE BANK SA

Our people make the difference.

BRE Bank SA Group

IFRS Consolidated Financial Statements for the third quarter of 2011

Contents

Selected financial data

SELECTED FINANCIAL DATA FOR THE GROUP		in PLN'000		in EUR'000	
		3 Quarters period from 01.01.2011 to 30.09.2011	3 Quarters period from 01.01.2010 to 30.09.2010	3 Quarters period from 01.01.2011 to 30.09.2011	3 Quarters period from 01.01.2010 to 30.09.2010
I.	Interest income	2 819 302	2 544 983	697 623	635 817
II.	Fee and commission income	963 433	863 905	238 397	215 831
III.	Net trading income	312 748	306 398	77 388	76 548
IV.	Operating profit	1 100 882	608 705	272 408	152 074
V.	Profit before income tax	1 100 882	608 705	272 408	152 074
VI.	Net profit attributable to Owners of BRE Bank SA	850 139	446 120	210 363	111 455
VII.	Net profit attributable to non-controlling interests	8 395	21 206	2 077	5 298
VIII.	Net cash flows from operating activities	3 165 504	(3 903 220)	783 289	(975 147)
IX.	Net cash flows from investing activities	(176 254)	(33 124)	(43 613)	(8 275)
X.	Net cash flows from financing activities	(1 708 866)	1 507 175	(422 851)	376 540
XI.	Net increase / decrease in cash and cash equivalents	1 280 384	(2 429 169)	316 825	(606 883)
XII.	Earnings per ordinary share (in PLN/EUR)	20.20	12.80	5.00	3.20
XIII.	Diluted earnings per ordinary share (in PLN/EUR)	20.18	12.78	4.99	3.19
XIV.	Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

SELECTED FINANCIAL DATA FOR THE GROUP		in PLN'000			in EUR'000		
		As at			As at		
		30.09.2011	31.12.2010	30.09.2010	30.09.2011	31.12.2010	30.09.2010
I.	Total assets	94 443 650	90 040 957	84 415 817	21 409 968	22 735 893	21 172 766
II.	Amounts due to the Central Bank	-	79	133	-	20	33
III.	Amounts due to other banks	29 141 971	28 727 008	25 974 779	6 606 359	7 253 745	6 514 868
IV.	Amounts due to customers	48 952 576	47 150 953	43 989 230	11 097 338	11 905 904	11 033 165
V.	Equity attributable to Owners of BRE Bank SA	7 772 122	6 909 303	6 764 713	1 761 907	1 744 641	1 696 693
VI.	Non-controlling interests	22 814	167 982	170 666	5 172	42 416	42 806
VII.	Share capital	168 410	168 347	168 311	38 178	42 509	42 215
VIII.	Number of shares	42 102 538	42 086 674	42 077 777	42 102 538	42 086 674	42 077 777
IX.	Book value per share (in PLN/EUR)	184.60	164.17	160.77	41.85	41.45	40.32
X.	Capital adequacy ratio	15.76	15.90	15.89	15.76	15.90	15.89

SELECTED FINANCIAL DATA FOR THE BANK		in PLN'000		in EUR'000	
		3 Quarters period from 01.01.2011 to 30.09.2011	3 Quarters period from 01.01.2010 to 30.09.2010	3 Quarters period from 01.01.2011 to 30.09.2011	3 Quarters period from 01.01.2010 to 30.09.2010
I.	Interest income	2 481 334	2 209 188	613 994	551 924
II.	Fee and commission income	738 713	657 936	182 791	164 373
III.	Net trading income	299 374	296 786	74 079	74 146
IV.	Operating profit	1 033 329	427 974	255 692	106 921
V.	Profit before income tax	1 033 329	427 974	255 692	106 921
VI.	Net profit	825 614	327 574	204 294	81 838
VII.	Net cash flows from operating activities	2 132 247	(5 215 174)	527 614	(1 302 914)
VIII.	Net cash flows from investing activities	(37 279)	(32 651)	(9 225)	(8 157)
IX.	Net cash flows from financing activities	(950 860)	2 682 175	(235 286)	670 091
X.	Net increase / decrease in cash and cash equivalents	1 144 108	(2 565 650)	283 104	(640 980)
XI.	Earnings per ordinary share (in PLN/EUR)	19.61	9.40	4.85	2.35
XII.	Diluted earnings per ordinary share (in PLN/EUR)	19.60	9.39	4.85	2.35
XIII.	Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

SELECTED FINANCIAL DATA FOR THE BANK		in PLN'000			in EUR'000		
		As at			As at		
		30.09.2011	31.12.2010	30.09.2010	30.09.2011	31.12.2010	30.09.2010
I.	Total assets	89 371 563	83 519 170	77 500 899	20 260 148	21 089 102	19 438 400
II.	Amounts due to the Central Bank	-	79	133	-	20	33
III.	Amounts due to other banks	26 775 783	24 880 962	21 861 815	6 069 954	6 282 595	5 483 274
IV.	Amounts due to customers	48 583 782	46 798 243	43 565 538	11 013 734	11 816 843	10 926 897
V.	Own equity	7 385 998	6 530 958	6 391 433	1 674 374	1 649 107	1 603 068
VI.	Share capital	168 410	168 347	168 311	38 178	42 509	42 215
VII.	Number of shares	42 102 538	42 086 674	42 077 777	42 102 538	42 086 674	42 077 777
VIII.	Book value per share (in PLN/EUR)	175.43	155.18	151.90	39.77	39.18	38.10
IX.	Capital adequacy ratio	16.21	16.91	16.92	16.21	16.91	16.92

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

- for items of the Statement of Financial Position – exchange rate announced by the National Bank of Poland as at 30 September 2011: EUR 1 = PLN 4.4112 exchange rate as at 31 December 2010: EUR 1 = PLN 3.9603 and exchange rate as at 30 September 2010: EUR 1 = PLN 3.9870.
- for items of the Income Statement – exchange rate calculated as the arithmetic mean of exchange rates announced by the National Bank of Poland as at the end of each month of three quarters of 2011 and 2010: EUR 1 = PLN 4.0413 and EUR 1 = PLN 4.0027 respectively.

Introduction

Major achievements of BRE Bank Group in Q3 2011

At the end of September 2011, BRE Bank Group reported a pre-tax profit of PLN 1,100.9 million and a net profit attributable to shareholders of PLN 850.1 million.

In Q3 2011, the Group earned a pre-tax profit of PLN 384.9 million (-PLN 22.2 million or -5.4% QoQ). However, the results in Q2 2011 were impacted by the sale of a non-performing retail loan portfolio, (+PLN 90.3 million) which translated into significantly lower impairment charges in that period. Net profit excluding minorities stood at PLN 307.3 million (-PLN 5.9 million or -1,9% QoQ). Excluding sale of the non-performing loan portfolio in Q2 2011 it was up by 23.8% QoQ.

The strong financial performance of the Group in Q3 2011 was predominantly driven by:

- **Continued growth of core income**, i.e. net interest income and net fee and commission income which reached PLN 767.5 million, representing an increase of PLN 16.8 million or +2.2% QoQ and PLN 87.2 million or +12.8% YoY respectively. Stable margins and an increase in loan volumes have supported the growth of net interest income while the growth in fee and commission income is attributed to increased sales of loans, insurances, credit cards and other financial products.
- Further business growth and implementation of the strategy announced in 2010 were reflected in:
    - **Effective acquisition of retail clients,** despite intensified marketing and pricing campaigns introduced by a number of competitor banks. As of Q3 2011, the number of clients stood at 3,842 thousand representing an increase of 46 thousand or 1.2% QoQ, and 270 thousand or +7.6 % YoY.
    - **Rising product penetration among retail clients** reflected in the continued improvement of the cross-selling ratio which grew to 3.10 from 2.99 at the end of Q2 2011 and 2.75 a year earlier, while at the same time the number of clients increased considerably.
    - **Growing number of corporate clients**; a total of 242 new corporate clients were added in Q3 2011 and 607 since the start of the year reaching the highest historical level of 13,878; the growth was accompanied by further development of the corporate network.
- **Increased lending:** in Q3 2011 the value of loans granted to corporate clients (excluding reverse repo / buy sell back transactions) increased by PLN 1,585.9 million (+7.1%). Loans to individuals rose by PLN 3,033.3 million (+8.6%).
- **Solid growth in deposits**: deposits grew by PLN 2,504.8 million (+5.4%) in Q3 and by PLN 4,963.3 million (+11.3%) YoY; the largest rise was reported in funds deposited into current accounts by individuals and the public sector.

The growth of the loan portfolio was accompanied by prudent risk management, which was reflected in a decrease in recurrent risk costs (which exclude the impact of the sale of a non-performing retail loan portfolio) to 79 bps for 9M 2011, compared to 84 bps in H1 2011 and 127 bps after 9m 2011.

Rising revenues coupled with cost discipline resulted in a further improvement of the cost/income ratio which declined to 47.9% (compared to 48.5% at the end of Q2 2011). On a quarterly basis, revenues rose by 4.5%, while the rise in costs amounted to only 2.3%.

The improved financial performance indicators reflect the favourable change in the profit and loss account:

- Pre-tax ROE rose to 21.1%, compared to 20.6% reported in H1 2011 and 15.3% a year before.
- Net ROE grew to 16.4%, compared to 15.9% at the end of Q2 2011 and 11.8% a year before.

Despite a notable increase in capital-intensive activities (annual and quarterly loan growth of 18.1% and 7.2% respectively), the solvency ratios of the Group remained at a high and safe level. The capital adequacy ratio stood at 15.76% at the end of September 2011, compared to 16.08% in June 2011 and 15.89% a year before. The Core Tier I ratio reached 10.15%, compared to 10.70% at the end of Q2 2011 and 10.62% a year before.

Macroeconomic environment and the outlook for 2012

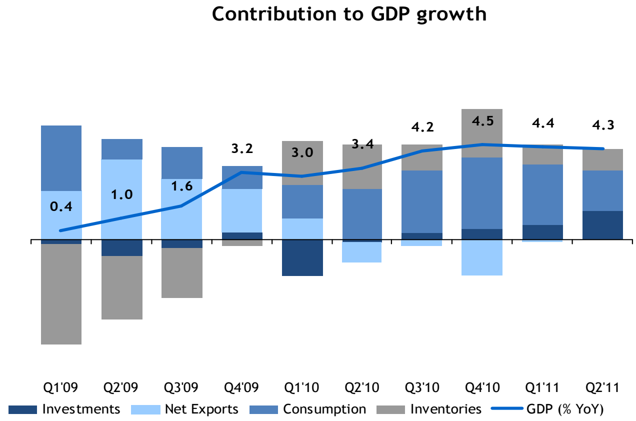
Slight slowdown of the GDP growth rate

In Q2 2011, the growth rate of the Polish economy slowed down slightly, marking a beginning of a long-term trend. In particular, the GDP growth rate decreased to 4.3%. from 4.4% in Q1. The GDP growth rate in 2012 should reach around 3.2%. Consumption will be the key driver of the slowdown.

In Q2, individual consumption fell from 3.9% to 3.5% and its GDP contribution (together with public consumption, also slowing down slightly) stood at 1.9 percentage points (pps) against 2.9 pps in Q1. In the upcoming quarters, due to increased mortgage loans installment payments, higher inflation (negative effect on real disposable income) and deteriorating situation on the labour market, the consumption dynamics will most probably weaken towards 2-3%. The symptoms of that weakening were already visible in August and September when employment rate was on a downward trend. Falling employment will result in a higher unemployment rate which, due to its delayed nature against the economic cycle, will increase mainly in 2012 to a level exceeding 13%. In the past months, the recorded the salary increases above 5% were the effect of past adjustments between employees and employers. The salary growth dynamics will reduce to 3-4% p.a. along with a slowdown in the economy, which will have an additional negative effect on individual consumption dynamics.

In the face of the necessary fiscal consolidation, the growth of public expenditures should also decelerate to 0-1% in 2011-2012.

In Q2, investment dynamics increased to 7.8% against 6.0% in the prior quarter, and its contribution to GDP growth increased by 0.7 pps to 1.4 pps. In the next quarters the investment dynamics should stabilize at around 7-10%. The investment growth rate will weaken in 2012, when the growth rate of infrastructure expenditures will slow down impacting private investments. If the slowdown occurs, it should be much smaller than in 2009, when the outlays for fixed assets fell by 1.2%. That is indicated by a slowdown in public investments only (not a downward adjustment), positive growth rate of individual investments, high level of decapitalisation of fixed assets and huge investment needs in the energy sector (estimated at over PLN 100 billion in the perspective of several years).

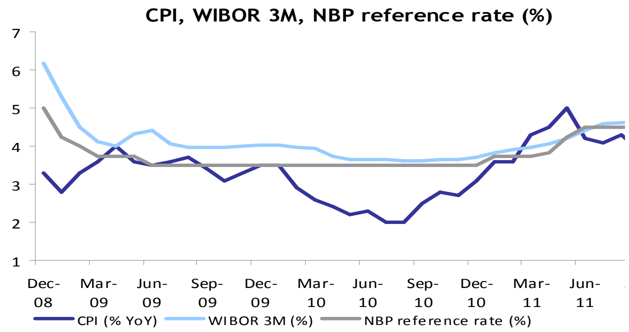


In foreign trade, imports have reported an acceleration (compared to export dynamics), which contributed to the deepening of the deficit on the trade account and on the entire current account.

Nevertheless, taking into account the consumption slowdown and a slight decrease in investment dynamics, it can be expected that import figures will also reduce, and such trend will continue in 2012 as well. In a slow reconstruction of the export dynamics (positive FX effects and a slow reversal of the global economic situation will be most supportive - probably the worst data have already been reported) it will lead to a reduction in the trade deficit and will be a supporting factor for the GDP growth dynamics in 2012.

Inflation and Interest Rates

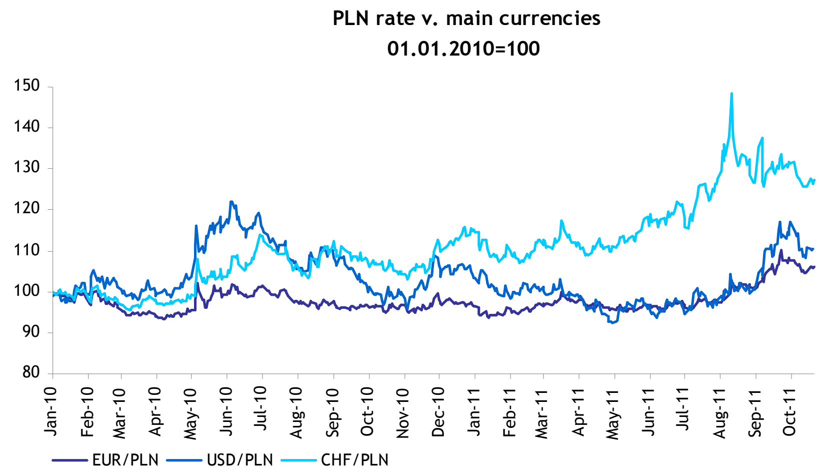
Inflation accelerated in H1 but started to slow down, reaching 3.9% in September. Inflation rises were generated mainly by fuel and food prices which at the same time were the basic determinant for the drop that began in H2. Further drop in inflation is expected in the upcoming months. However, due to the current weakening of the zloty, inflation drop will most probably not be as rapid as expected in the NBP projection (inflation should return to the target in mid 2012). A less severe economic slowdown should also keep the price dynamics on a level of about 3-3.5%.



Growing price pressures in H1 prompted the beginning of the monetary tightening cycle that brought interest rates to the level of 4.5%. Economic slowdown and falling inflation will allow the Monetary Policy Council (RPP) to reduce interest rates in H1 2012 (scale of reductions is estimated at 50 bps). Owing to the unstable situation on the currency market (NBP intervention in defense of the zloty), the rhetorics of the supporters of hawkish monetary policy should prevail in the upcoming months.

PLN Exchange Rates

In Q3 2011, the Polish currency turned out to be less resistant to turbulences in the euro zone than in H1 2011. The zloty weakened to 4.53 against the euro at the end of September and it was only the coordinated intervention on the currency market conducted by BGK and NBP that prevented the weakening of the zloty to the level implying the public debt exceeding the relation of 55% against GDP. The prevailing risk of additional currency interventions slightly decreased the speculation activity and the volatility in the Polish currency. Nonetheless, the zloty remains under pressure due to global factors with risks of outflow of foreign capital from the CEE region in the light of an unfavorable structure of financing of the Polish public debt (large share of foreign investors). The pressure on depreciation may be limited through a proactive approach of the government and NBP, and the possibility of disbursement of the IMF liquidity facility in case of further growing risks of destabilizing the Polish currency.

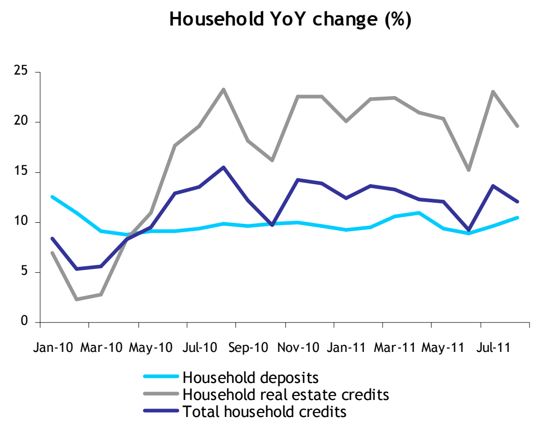


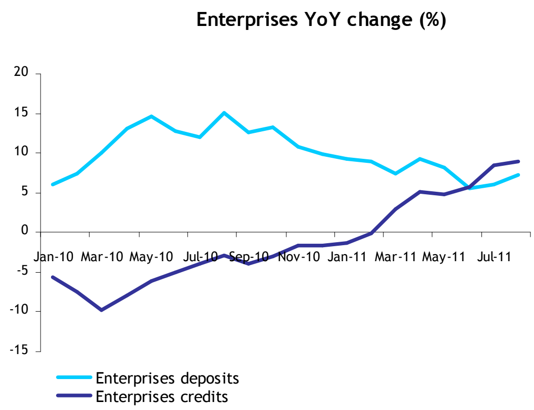
Money supply and the banking sector

Money supply trends that commenced in H1 2011 continued through to September. M3 money supply grew to PLN 829.1 billion. The volume of retail deposits grew in September by PLN 8.1 billion, whereas last year the growth rate in the same period reached only PLN 0.3 billion. The balance of deposits and withdrawals from investment funds in September was positive (about +PLN 0.9 billion), which together with the growth in volume of deposits (and cash in circulation) highlights a solid financial standing of households and, most probably, a growing saving tendency. In retail loans, a high, two digit growth rate was reported (14.5% YoY in September). However, this was mainly driven by the FX effect. After eliminating the FX effect,the growth rate is in a downward trend reaching c.6% YoY in September. The situation is similar in the case of mortgage loans. After eliminating the FX effect, the growth rate is estimated at 8.8% YoY - single digit dynamics for the first time since 2005.

Corporate deposits grew by PLN 4.8 billion in September. The volume of corporate loans increased by ca. 9.5% YoY, excluding the FX effect. A strong upward trend is observed in investment loans; 15.7% YoY growth in September following a 12% YoY growth in August (after eliminating the FX effect). Data show a sound financial standing of enterprises, aiming to keep liquidity and durable investment activity.

The observed trends should continue in upcoming months with the risk of fast growth of money supply resulting on the one hand from, growing value of deposits, and on the other hand from a relatively good economic situation.





Financial performance of BRE Bank Group in Q3 2011

Income Statement

Revenues of BRE Bank Group in Q3 2011

In Q3 2011, BRE Bank Group earned a total income of PLN 934.5 million (+PLN 40.2 million or +4.5% QoQ) driven by growth in core income, recognition of income from PZU dividend, and recognition of the result from the sale of its factoring subsidiaries.

Net interest income was the main contributor to the revenues of the Group in Q3 2011 (it accounted for 58.7% of the Group's income) and amounted to PLN 548.2 million (+PLN 5.7 million QoQ).

Loans and advances continued to be the main source of interest income (72.8%). Income from loans and advances grew by PLN 46.7 million (+6.8% QoQ) driven mainly by much higher credit volumes caused in part by the weakening of zloty against foreign currencies. In the discussed period, a rise in interest income from investment securities (+ PLN 13.9 million) was also registered, attributed to higher yield on debt securities.

An increase in interest expenses (+PLN 42.9 million or +11.9% QoQ) is explained by higher deposits from clients and rises in interest rates offered by the Bank on certain deposit products.

Net interest margin of BRE Bank Group, stood at 2.49% p.a. at the end of September 2011, compared to 2.48% at the end of June and 2.15% a year earlier.

Net fee and commission income, accounting for 23.5% of the Group's income, rose by PLN 11.1 million in Q3 (+5.3% QoQ) supported mainly by higher commissions on payment cards and money transfers, which should be attributed to successful acquisition of clients, rising number of bank accounts and intensified cross-selling.

In Q3 2011 BRE Bank Group recorded dividend income in the amount of PLN 12.4 million mainly related to the PZU stakeholding.

The trading result in Q3 2011 amounted to PLN 111.4 million (+PLN 5.6 million, +5.2% QoQ). The growth was reported mainly in other trading result (+PLN 4.8 million) due to improved income from interest rate instruments and securities held for trading.

Net other operating income (other operating income less cost) amounted to PLN 23.2 million in Q3. The result was PLN 14.5 million lower than in the previous quarter, mainly due to a PLN 10 million provision for unused holidays booked in Q3 2011.

Net impairment of loans and advances

After 9M 2011, net impairment of loans and advances in BRE Bank Group amounted to PLN 283.9 million of which PLN 111.2 million was booked in Q3 2011 constituting a rise of PLN 52.6 million compared to Q2 2011. It should be noted that in Q2 2011, the Bank released provisions amounting to PLN 81.8 million due to the sale of a non-performing retail loan portfolio.

Net impairments related to retail loans amounted to PLN 59.6 million in Q3 2011. Credit risk costs in the quarter have remained broadly unchanged if the impact of the sale of a non-performing loans portfolio in the previous quarter is excluded.

Net impairments in the Corporates and Financial Markets Segment reached PLN 51.6 million in Q3, compared to PLN 78.6 million in Q2 as the financial standing of corporate clients remained broadly unchanged.

Costs of BRE Bank Group

Overhead costs including depreciation incurred in Q3 2011 rose by PLN 9.8 million QoQ (+2.3%) predominantly driven by increased costs in the logistics area (as the Bank continued to enhance its sales network) and higher marketing costs, particularly in the retail banking area. The pace of growth of the cost base decelerated compared to Q2 2011 when it reached 5.0% vs. Q1 2011.

Overall, effective resource management allowed BRE Bank Group to further improve its efficiency as measured by the cost-to-income ratio which stood at 47.9% compared to 48.5% at the end of June 2011 and 51.8% at the end of 2010.

Balance Sheet

As of September 30, 2011, the balance sheet total of BRE Bank Group amounted to PLN 94,443.6 million constituting an increase of 6.5% compared to the previous quarter.

Assets of BRE Bank Group

At the end of Q3 2011, the asset structure of the Group was dominated by loans and advances to clients which amounted to PLN 64,443.6 million and accounted for 68.2% of total assets (compared to 67.8% at the end of Q2 2011). The value of loans and advances to clients grew by PLN 4,333.4 million QoQ (+7.2%).

The value of loans to corporate clients, excluding reverse repo / buy sell back transactions, rose in Q3 by PLN 1,585.9 million (+7.1%). The value of loans to individuals grew by PLN 3,033.3 million QoQ (+8.6% or +1.5% excluding

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FX differences). Finally, the value of loans and advances to the public sector increased by PLN 124.4 million (+6.1% QoQ).

Investment securities were the second largest asset category at the end of Q3 2011 (PLN 13,994.5 million, 14.8% of total assets). The value of investment securities decreased by PLN 2,727.3 million (-16.4%) in Q3 2011 as the Bank continued to deploy liquidity into lending and other treasury activities.

Liabilities of BRE Bank Group

The amounts due to customers, remain the major source of funding for the operations of BRE Bank Group and grew by PLN 2,504.8 million QoQ (+5.4%).

As of September 2011, amounts due to clients amounted to PLN 48,952.6 million and accounted for 56.5% of liabilities (compared to 57.3% at the end of Q2 2011).

The largest nominal growth was observed in public sector deposits which grew by PLN 947.8 million.

On a quarterly basis, amounts due to individuals rose by PLN 725.3 million (+2.9%) and reached PLN 25,620.2 million.

Amounts due to corporate clients increased by PLN 831.8 million (+4.0%) in the discussed period. Excluding repo transactions, the increase stood at PLN 240.1 million (+1.2%).

Amounts due to banks increased by PLN 2,883.1 million QoQ (+11.0%) due to both a rise in the value of received currency loans and higher level of repo / sell buy back transactions with other banks.

The share of equity in the liabilities of BRE Bank Group accounted for 8.2% as of September 2011, compared to 8.5% at the end of June 2011 and 7.7% at the end of December 2010.

Performance indicators

The key performance indicators of BRE Bank Group are presented in the table below:

	30 Sept. 2011	30 June 2011	30 Sept. 2010
Net ROA	1.28%	1.26%	0.74%
Pre-tax ROE	21.1%	20.6%	15.3 %
Net ROE	16.4%	15.9%	11.8%
C/I	47.9%	48.5%	51.0 %
Solvency ratio	15.76%	16.08%	15.89%
Core Tier 1	10.15%	10.70%	10.62%

ROA = net profit (including minority shareholders)/total assets
Gross ROE = pre-tax profit / equity (including minority shareholders, excluding current year's profit)
Net ROE = net profit (including minority shareholders) / equity (including minority shareholders, excluding current year's profit);
C/I = overhead costs + depreciation/ income (including net other income and cost)

Performance of consolidated subsidiaries of BRE Bank Group

In Q3 2011, the consolidated subsidiaries of BRE Bank Group generated a total pre-tax profit of PLN 97.8 million which compares to PLN 75.2 million generated in Q2 2011 and PLN 65.5 million generated a year earlier. In particular, the following subsidiaries improved their performance in the discussed period: BRE Bank Hipoteczny, BRE.locum and Dom Inwestycyjny BRE Banku.

Performance of the Business Segments and Business Lines

The Retail Banking segment was the biggest contributor to the income of the Group in Q3 2011 (53.4%) followed by the Corporates and Financial Markets segment (46.3%). The two business lines of the Corporates and Financial Markets Segment i.e. Corporates & Institutions and Trading & Investments contributed 33.3%, and 13.0% to the Q3 2011 income of the Group respectively.

Retail Banking Area

Financial results

In Q3 2011, this segment generated a pre-tax profit of PLN 235.5 million. Excluding the one-off effect of the sale of a non-performing retail loan portfolio in Q2 2011, the pre-tax profit generated by the retail line rose by PLN 8.7 million QoQ (+3.9%).

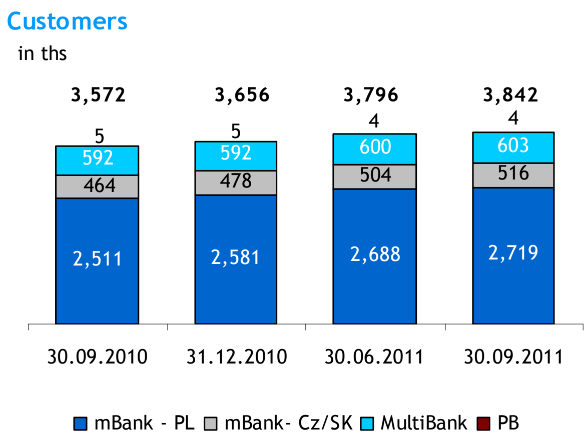
The major factors impacting the financial result of this segment in Q3 2011 included:

- Higher net interest income: +PLN 7.6 million (+PLN 20.7 million, excluding the one-off booking of net interest income from the sale of the retail portfolio in Q2). The improvement was triggered mainly by rising credit volume and growing margin on deposit products.
- Growth of net fee and commission income (up by PLN 3.8 million or 3,5%), supported by improved cross-selling to the existing client base and new client acquisitions that drove the increases in a number of fee and commission income categories including insurance products and cards
- Stable level of credit risk provisions compared to Q2 2011 (PLN 59.6 million and PLN 61.8 million respectively, excluding the one-off transaction related to the sale of the non performing loans portfolio in Q2).

The consistently strong business and financial performance of the Bank's retail operations is a result of its continued focus on building the best service on the market and forging long-term client relationships. The Bank remains a market leader in acquiring new clients and it continues to broaden the scope of products and services offered.

The excellence of the Bank's retail offering has been recognized in the annual "Friendly Bank" award granted by Newsweek magazine where mBank and Multibank were named best internet and best traditional retail bank respectively. Both banks received the largest amount of points for the quality of communication with clients and overall best quality of customer service.

Retail Clients

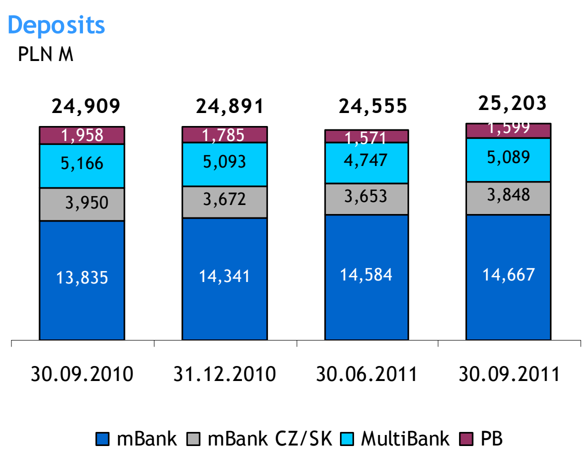


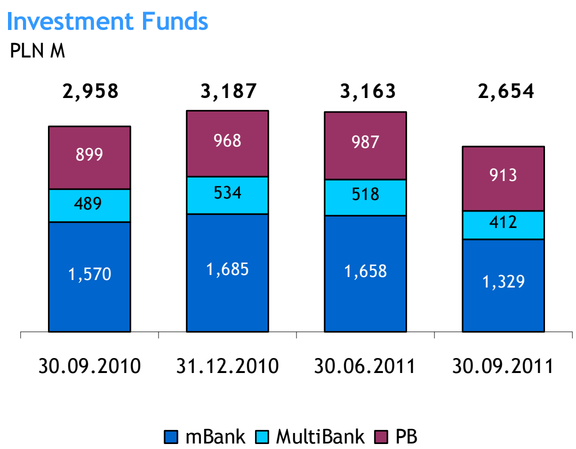
During the course of Q3 2011, the number of retail banking clients increased by 46 thousand (+1.2%) to reach 3,842 thousand. As such, the Bank remained a market leader in acquiring new retail clients
The number of retail clients expanded by 270 thousand (+7.6%) compared to a year earlier.
The Bank's retail clients in Poland include both individuals and microenterprises. As of September 2011 the Bank had 405 thousand microenterprise clients, having added 5.2 thousand new clients in Q3 11.

Deposits and Investment Funds

mBank and MultiBank offer a broad range of accounts, deposits and investment products. Through the "Funds Supermarket" the Bank's clients can purchase participation units in local and foreign investment funds as well as financial products matching their specific investment criteria, offered by third party providers.

The graph below presents detailed changes in the level of deposits and funds deposited in investment funds.





At the end of September 2011, retail deposits stood at PLN 25,203 million and were up by PLN 648 million (+2.6%) QoQ, while PLN 2,654 million were allocated by BRE Bank clients in investment funds, decreasing by PLN 509 million during Q3 2011. The shift from investment funds to deposit products is explained by a more volatile situation on the financial markets, which has depressed stock market returns.

Loans

At the end of September 2011, the structure of the loan portfolio in Poland was as follows:

- mortgage loans 86.5%
- cash loans 4.1%
- credit line facilities and overdrafts 5.5%
- credit cards and charge cards 2.7%
- others 1.2%

The value of loans granted in the Retail Banking area in Poland, Czech Republic and Slovakia at the end of September 2011 reached PLN 37,697 million and was up by 2,977 million (+8.6%) QoQ. The loan portfolio of MultiBank and mBank in Poland increased by PLN 1,585 million and PLN 1,222 million respectively. In the Czech Republic and Slovakia, the credit portfolio rose by PLN 165 million. The Private Banking portfolio increased by PLN 5 million.

It should be stressed that the dynamics of retail loans in Q3 2011 was influenced by the appreciation of the CHF against PLN (+9.6% QoQ). If the impact of the FX rate had been eliminated, the retail loan portfolio would have been higher by 1.5%.

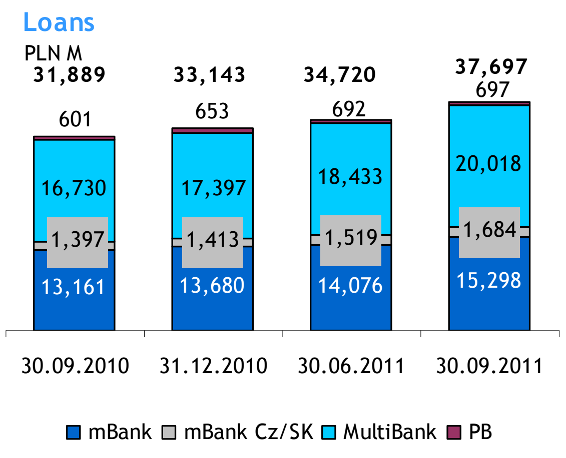
In Q3, the value of the mortgage loan portfolio grew by PLN 2,670 million (+9.4%) mainly as a result of FX rate changes.

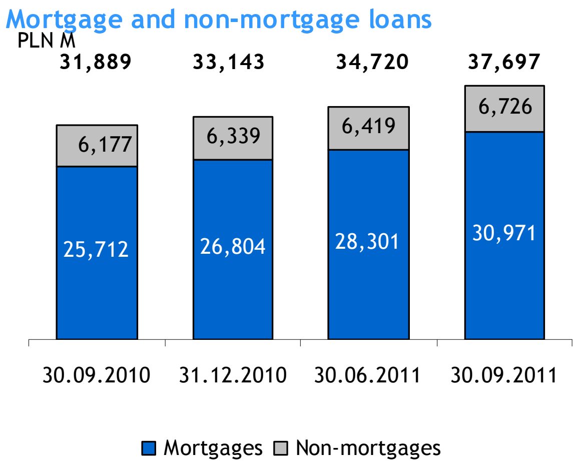
Mortgage loans to retail customers at the end of September 2011 had the following characteristics:

Retail Mortgage Loans	Total
Balance-sheet value (PLN billion)	28.7
Average maturity (years)	22.4
Average value (PLN thousand)	308.0
Average LTV (%)	90.6
NPL (%)	1.1

The non-mortgage loan portfolio grew in Q3 2011 by PLN 307 million (+4.8%) QoQ. The fastest growing loans included cash loans and credit line facilities, as an effect of a growing usage of global credit limits by the Bank clients.

The graph below presents the changes in the Bank's retail loan portfolio:





Cards

The Bank maintained strong dynamics in the new issuance of both credit and debit cards supported by demand from new and existing clients.

As of September 2011, the number of credit cards issued by the Bank stood at 617 thousand and was up by 13.8 thousand QoQ and 61.1 thousand YoY.

The number of debit cards issued by the Bank as of September 2011 reached 3,745.2 thousand constituting an increase by 248.1 thousand (+7.1%) QoQ, and by 855.2 thousand (+29.6%) YoY.

Distribution Network

The size and scope of the Bank's retail branch network reflects its focus on areas with high growth potential as well as the strength of its remote distribution channels (including internet, mobile and telephone banking) which continue to attract a rapidly growing number of client interactions effectively supporting the traditional branch based service offering.

mBank

Since July 2009, the mBank distribution network has been managed through Aspiro, a subsidiary offering a wide range of financial products of the Group as well as products of third parties.

As of September 2011, the mBank network covered 100 locations (25 Financial Centres, 62 mKiosks and 13 partner mKiosks) across Poland, as well as 29 Agent Service Points.

The number of foreign mBank outlets remained unchanged. In the Czech Republic, the network consists of 26 outlets (9 financial centres and 17 mKiosks), and 9 in Slovakia (4 financial centres and 5 mKiosks).

MultiBank

As of September 2011, MultiBank operated 134 outlets (72 Financial Service Centres and 62 Partner Outlets) across Poland. The MultiBank network is focussed predominantly on larger urban areas reflecting the affluent target client group it services.

Subsidiaries of the Retail Banking Area

BRE Ubezpieczenia TUiR S.A. and BRE Ubezpieczenia Sp. z o.o.

During the first three quarters of 2011, gross written premiums related to products sold via the internet platform reached PLN 101.3 million (+62% YoY) with motor, real property and travel insurance. In the bancassurance area the premiums written reached PLN 921 million, which represents a rise by 112% YoY. Investment products accounted for as much as 80% of premiums. Finally, gross written premiums arising from the sales of products in cooperation with BRE Leasing reached approx. PLN 89 million.

The consolidated pre-tax profit (BRE Ubezpieczenia TUiR S.A. and BRE Ubezpieczenia sp. z o.o.) in the first three quarters of 2011 rose to PLN 40 million from PLN 17.7 million a year before. The improvement in financial results was driven primarily by an increase in the portfolio characterised by lower claims ratios.

Aspiro SA

Aspiro sells products offered by 24 different financial services companies, including mBank and MultiBank. Currently, the offer comprises 49 products, including mortgage loans, cash loans, insurance products, business products, leasing and factoring.

During Q3 2011, the sales of BRE Bank mortgage products have been increasing, which was combined with a gradual rise in the sales of mortgage products offered by external partners which rose by over 60% compared to Q3 2010.

The pre-tax profit after Q3 2011 amounted to PLN 6.1 million, compared to PLN 7.6 million a year before.

BRE Wealth Management SA (BWM)

In Q3 2011, BWM continued to develop its new business model focussed on the provision of comprehensive wealth-related advisory services covering both financial and non-financial assets. The offer was targeted at clients with assets under management above PLN 1 million. The number of advisory services agreements grew from 60 at the end of June to 130 at the end of September 2011. The investment offer was further enriched, mainly by investment certificates of closed-end funds.

As of September 2011, assets under management amounted to PLN 3.6 billion, which was similar to the figure reported at the end of Q2, and 70% higher compared to a year earlier.

For the first three quarters of 2011, BWM generated a pre-tax profit of PLN 8.9 million (compared to PLN 6 million a year before).

Corporate Banking Area

The strong position of the Bank's corporate banking business in Poland results primarily from the comprehensive offering of financial products and services, diversified distribution channels (including a branch and office network exclusively dedicated to corporate customers and an integrated iBRE internet platform), as well as long-standing relationships with its customers.

Corporates and Institutions Business Line

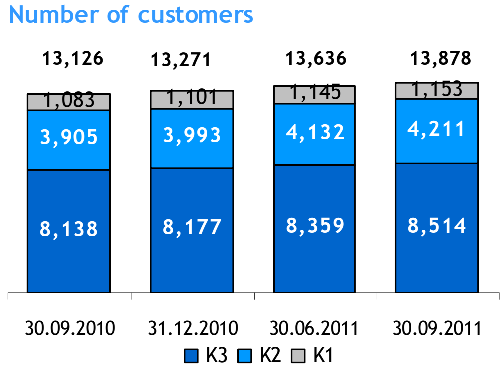
Financial results

In Q3 2011, Corporates and Institutions generated a pre-tax profit of PLN 91.6 million, compared to PLN 39.1 million in Q2 2011. This marked improvement was driven mainly by:

- Increase in income by PLN 30.7 million, including PLN 12.3 million from the PZU dividend and PLN 21.6 million from a rise in investment securities covering also net income from the sale of factoring subsidiaries.
- Much lower impairment of loans and advances (PLN 49.5 million in Q3, compared to PLN 73.8 million in Q2 2011).

Number of corporate clients

The total number of corporate clients of the Bank reached 13,878 at the end of September 2011, increasing by 242 clients or 1.2% compared to Q2 2011 and 752 clients or 5.7% compared to a year earlier. International clients accounted for nearly 19% of the newly acquired clients highlighting strong results of cooperation between the Bank and Commerzbank Group.



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

Corporate deposits

At the end of Q3 2011, deposits placed by corporate clients with BRE Bank (excluding repo transactions) totalled PLN 20,080 million increasing by PLN 121 million or 0,6% QoQ and by PLN 1,511 million or 8,1% since the beginning of the year.

The value of deposits placed by enterprises stood at PLN 16,813 million at the end of Q3 2011 registering a decrease of PLN 501 million or 2.9% QoQ as the Bank continued to focus on selective deposit additions that support its interest margins. At the same time the Bank registered a growth of 4.3% or PLN 686 million in deposits placed by enterprises since the beginning of the year.

Corporate loans

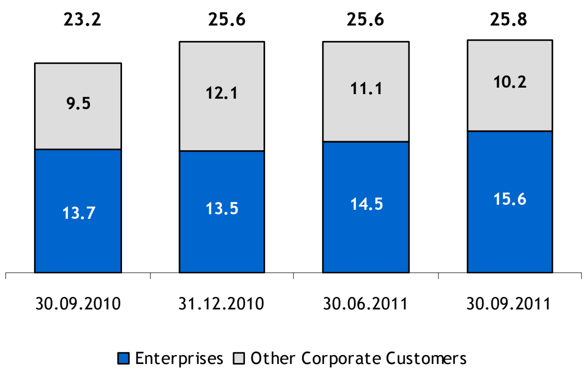
The value of loans granted to corporate clients by BRE Bank (excluding repo transactions) reached PLN 19,558 million at the end of Q3 2011 constituting an increase of PLN 1 884 million or 10.7% compared to Q2 2011 and PLN 3,378 million or 20.9% compared to the beginning of the year.

The value of loans to enterprises at the end of Q3 2011 totalled PLN 15,616 million and was higher by PLN 1,073 million or 7.4% compared to the previous quarter and PLN 2,120 million or 15.7% compared to the beginning of the year.

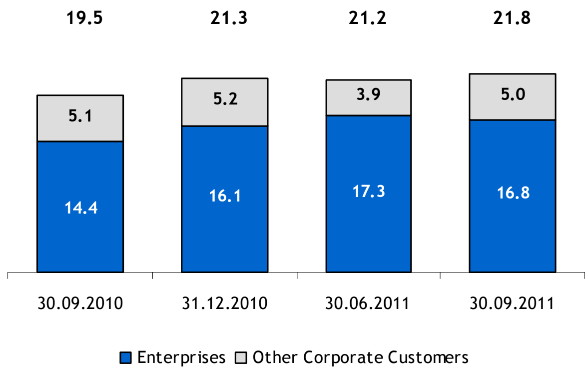
The growth in corporate lending was supported by continued strong demand for structured finance loans to support investments in new production capacity. The demand for working capital loans remained relatively low as corporate clients continued to utilise accumulated cash balances to fund their day to day business needs.

At the end of Q3 2011, the value of loans granted to public sector clients amounted to PLN 1,684 million, increasing by 9.4% QoQ. Since the beginning of 2011, the Bank increased its lending to public sector clients by PLN 328 million or 24.2%. The Bank maintains strong relationships with public sector clients and considers this segment of its business as a promising source of growth in the future.

Corporate Loans in BRE Bank
(PLN B)



Corporate Deposits in BRE Bank
(PLN B)



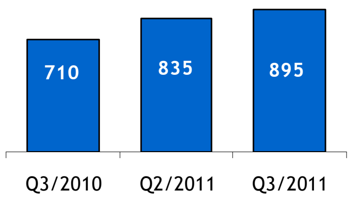
Strategic Product Lines

Cash Management

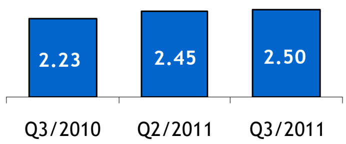
BRE Bank Group's comprehensive cash management offer, which enhances the Group's long-term relationships with corporate clients is a growing contributor to the income of the Corporates and Institutions business line and has been characterised by steady overall increases in sales of both standard and complex client solutions.

In Q3 2011, the number of Direct Debit transactions executed reached 895 thousand, which represents an annual increase of 26.1% and 7.2% compared to Q2 2011. Furthermore, the number of Trade Payment Identification transactions and the net income generated in this respect have also been rising. In Q3 2011, the number of transactions executed reached nearly 2.5 million (+2% QoQ, +12% YoY). At the end of Q3 2011, the number of clients using the most sophisticated solutions involving cash pooling on bank accounts grew by 6.6% compared to the beginning of the year. At the end of September 2011, there were 628 clients using the Cash Pooling and Shared Balance offer.

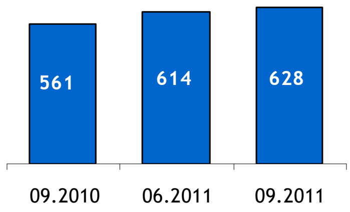
Direct debit
(ths. transactions)



Mass payments identification
(M transactions)



Customers using Cash Pooling and Shared Balances services



Structured Finance

In Q3 2011 the volume of Structured and Mezzanine Finance transactions increased by 9.2% compared to Q2 2011 and by 30.4% YtD. During 9 months 2011 the Bank signed 34 agreements relating to syndicate loans, one guarantee agreement and 14 bilateral loans.

Corporate Branch Network

The Corporate Branch Network of BRE Bank consisted of 28 dedicated branches and 19 corporate bureaus as at the end of September 2011. During Q3 2011 the Bank opened two additional corporate branches located in Warsaw and Wałbrzych.

As a result of a detailed analysis of the territorial layout of small and medium enterprises in Poland, additional new locations were identified and marked for the future roll-out of the Bank's corporate banking presence.

Subsidiaries of the Corporates and Institutions Business Line

BRE Leasing Sp. z o.o.

The value of leasing agreements concluded by BRE Leasing in Q3 2011 totalled PLN 537 million (-20.3% QoQ and -11.2% YoY). In Q3 2011, the value of agreements related to the real property segment amounted to PLN 51 million (+1,3% QoQ), and PLN 486 million for agreements related to movable property (-22.3% QoQ).

For the first nine months of 2011, the pre-tax profit of BRE Leasing amounted to PLN 34.7 million, compared to PLN 43.6 in the previous year. The profit reduction is explained by decreasing sales and falling margins on new leasing agreements in an increasingly competitive market environment.

Factoring - Intermarket Group

As a result of a strategic decision made by the Group on adjusting its factoring presence with its existing banking distribution network, on July 28, 2011, BRE Bank Group and the subsidiaries of Erste Group (Austria) concluded an agreement whereby BRE Bank Group sold its shares in Intermarket Bank AG (Austria) and Magyar Factor zRt (Hungary), and at the same time became the sole owner of Polfactor SA and Transfinance a.s. operating in Poland and in the Czech Republic respectively.

In consequence of the transaction, BRE Bank Group ceased to consolidate Intermarket Bank AG and Magyar Factor zRt from the end of July 2011.

Polfactor SA

In Q3 2011, Polfactor reported a turnover of PLN 1,588.5 million (+48.2% YoY). The turnover reached PLN 4,004.2 million for the first nine months of 2011 (+25.6% YoY), mainly due to significant growth in export factoring.

In Q3 2011, Polfactor reported a pre-tax result of PLN 4.3 million (+37.5% YoY), or PLN 12.3 million for the first nine months of 2011 (+49.6% YoY). The improvement was driven mainly by the dynamic growth in sales, which translated into a rise in commission and interest income.

Transfinance a.s.

In Q3 2011, Transfinance reported a turnover of PLN 793.6 million (+20.5% YoY) and PLN 2,309.7 million for the first nine months of 2011 (+32.1% YoY). A considerable growth in export and import factoring was combined with a slight reduction in domestic factoring.

For the first nine months of 2011, Transfinance reported a pre-tax result of PLN 3.4 million compared to a pre-tax loss of PLN 7 million generated a year earlier. The improvement was driven by higher revenues and reduced provisions for receivables.

Trading and Investments Business Line

Financial results

In Q3 2011, Trading and Investments generated a pre-tax profit of PLN 68.8 million, compared to PLN 53.4 million in Q2 2011. The rise in pre-tax profit by PLN 15.4 million (+28.9%) was driven mainly by:

- Growth in trading result by PLN 10.9 million generated in particular due to an increase in the result from interest rate instruments and higher client activity in the FX markets
- Decrease of impairment of loans and advances by PLN 2.7 million.

Market position

At the end of September 2011, BRE Bank ranked second in the market for arranging mid-term bank debt securities with a share of 19.2%, second on the market for arranging mid-term corporate bonds, and fifth on the market for arranging short-term debt securities with a share of 18.0% and 12.5% respectively.

The Bank remains very active in the trading of financial instruments: its market share in interest rate derivatives and Treasury bonds and bills trading stood at ca.17.8% and 7.1% respectively while its market share in trading of fx spot and forward instruments stood at 6.4% (data as at the end of August 2011).

BRE Bank Group subsidiaries of Trading and Investments Business Line

Dom Inwestycyjny BRE Banku S.A. (DI BRE)

During the first three quarters of 2011, the share of DI BRE in equity market transactions accounted for 5.2%, thus making it the ninth largest player on the market. In terms of forward transactions, DI BRE was ranked second with a market share of 14.3%. The number of accounts operated by DI BRE continued to rise and reached 295 thousand at the end of Q3 2011. In April, DI BRE organised the initial public offering of KRUK SA, worth PLN 369 million, which was viewed positively by the market. In June, DI BRE acted as co-manager of the PLN 5.4 billion offering of JSW S.A. Finally, in July DI BRE organised an initial public offering of VOXEL S.A., valued at PLN 19 million.

DI BRE reported a pre-tax profit of PLN 26.7 million for the first nine months of 2011, compared to PLN 26.8 million generated in the same period a year earlier (Q3 pre-tax profit was at PLN 10.1 million, up by 4.1% QoQ

BRE Bank Hipoteczny S.A. (BBH)

At the end of Q3 2011, the credit portfolio of BBH stood at PLN 4,010 million and was up by 5.9% compared to Q3 2010. The pre-tax profit earned in Q3 2011 amounted to PLN 9.6 million compared to PLN 3.7 million reported in Q2 2011 and PLN 10 million in Q3 2010. The quarterly result was impacted by lower refinancing costs and a rise in lending. The pre-tax profit after 9 months of 2011 amounted to PLN 22.4 million (-31.3% YoY).

In Q3 2011, BBH sold PLN 497 million new mortgage loans (mainly for financing commercial real property).

Quality of the Loan Portfolio

The share of impaired loans in the loan portfolio of the Group stood at 5.3% at the end of Q3 2011 compared to 5.0% at the end of Q2 2011 and 5.3% at the end of 2010.

Provisions for loans and advances increased from PLN 2,214.3 million at the end of Q2 2011 to PLN 2,357.3 million at the end of Q3 2011, including PLN 205.4 million of IBNI (Incurred But Not Identified) provisions compared to PLN 208.1 million at the end of Q2 2011.

The ratio of provisions to impaired loans decreased to 60.5% at the end of Q3 2011 v. 64.8% at the end of Q2 2011 and 68.0% at the end of 2010 as a result of an increase of highly collateralised exposures in the impaired loans category.

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

Consolidated Income Statement

	Note	3rd Quarter (current year) period from 01.07.2011 to 30.09.2011	3 Quarters (current year) period from 01.01.2011 to 30.09.2011	3rd Quarter (previous year) period from 01.07.2010 to 30.09.2010	3 Quarters (previous year) period from 01.01.2010 to 30.09.2010
Interest income		990 321	2 819 302	863 482	2 544 983
Interest expense		(442 142)	(1 222 113)	(382 434)	(1 237 144)
Net interest income	5	**548 179**	**1 597 189**	**481 048**	**1 307 839**
Fee and commission income		326 722	963 433	302 601	863 905
Fee and commission expense		(107 425)	(328 540)	(103 390)	(318 352)
Net fee and commission income	6	**219 297**	**634 893**	**199 211**	**545 553**
Dividend income	7	12 424	15 085	5 222	8 163
Net trading income, including:	8	111 361	312 748	88 169	306 398
Foreign exchange result		*98 331*	*278 060*	*83 352*	*281 378*
Other trading income and result on hedge accounting		*13 030*	*34 688*	*4 817*	*25 020*
Gains less losses from investment securities	9	20 040	13 235	29 604	46 500
Other operating income	10	62 529	193 447	63 796	209 195
Net impairment losses on loans and advances	11	(111 191)	(283 921)	(128 230)	(508 791)
Overhead costs	12	(378 621)	(1 096 174)	(358 253)	(985 410)
Amortization and depreciation		(59 803)	(179 295)	(58 672)	(177 207)
Other operating expenses	13	(39 349)	(106 325)	(41 969)	(143 535)
Operating profit		**384 866**	**1 100 882**	**279 926**	**608 705**
Profit before income tax		**384 866**	**1 100 882**	**279 926**	**608 705**
Income tax expense		(76 779)	(242 348)	(66 584)	(141 379)
Net profit		**308 087**	**858 534**	**213 342**	**467 326**
Net profit attributable to:					
- Owners of BRE Bank SA		307 260	850 139	206 453	446 120
- Non-controlling interests		827	8 395	6 889	21 206

Net profit attributable to Owners of BRE Bank SA			**850 139**		**446 120**
Weighted average number of ordinary shares	14		**42 091 048**		**34 860 155**
Earnings per ordinary share (in PLN)	14		**20.20**		**12.80**
Weighted average number of ordinary shares for diluted earnings	14		**42 129 485**		**34 902 290**
Diluted earnings per ordinary share (in PLN)	14		**20.18**		**12.78**

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

Consolidated Statement of Comprehensive Income

	3rd Quarter (current year) period from 01.07.2011 to 30.09.2011	3 Quarters (current year) period from 01.01.2011 to 30.09.2011	3rd Quarter (previous year) period from 01.07.2010 to 30.09.2010	3 Quarters (previous year) period from 01.01.2010 to 30.09.2010
Net profit	**308 087**	**858 534**	**213 342**	**467 326**
Other comprehensive income net of tax	**(26 527)**	**13 848**	**45 927**	**226 823**
Exchange differences on translation of foreign operations (net)	55	4 083	(4 651)	(4 599)
Change in valuation of available for sale financial assets (net)	(26 582)	9 765	50 578	231 422
Total comprehensive income net of tax, total	**281 560**	**872 382**	**259 269**	**694 149**
Total comprehensive income (net), attributable to:				
- Owners of BRE Bank SA	280 227	862 407	254 654	674 450
- Non-controlling interests	1 333	9 975	4 615	19 699

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

Consolidated Statement of Financial Position

ASSETS	Note	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Cash and balances with the Central Bank		4 183 794	1 799 272	2 359 912	1 336 340
Debt securities eligible for rediscounting at the Central Bank		6 330	15 268	3 686	10 149
Loans and advances to banks		3 549 117	2 800 019	2 509 408	2 921 927
Trading securities	15	1 448 992	1 394 668	1 565 656	766 471
Derivative financial instruments	16	1 516 530	1 044 445	1 226 653	1 506 159
Loans and advances to customers	17	64 443 625	60 110 257	59 370 365	54 588 181
Hedge accounting adjustments related to fair value of hedged items		2 582	770	-	-
Investment securities	18	13 944 480	16 671 823	18 762 688	19 244 196
Pledged assets	15, 18	2 894 717	1 225 416	1 830 803	1 624 629
Non-current assets held for sale	22	-	1 252 292	-	-
Investments in associates		-	-	317	1 116
Intangible assets	19	407 786	411 982	427 837	402 685
Tangible fixed assets	20	757 541	759 872	777 620	756 483
Current income tax assets		624	4 198	5 922	2 966
Deferred income tax assets		289 862	257 215	316 372	321 026
Other assets		997 670	959 389	883 718	933 489
Total assets		**94 443 650**	**88 706 886**	**90 040 957**	**84 415 817**
EQUITY AND LIABILITIES					
Amounts due to the Central Bank		-	-	79	133
Amounts due to other banks		29 141 971	26 258 873	28 727 008	25 974 779
Derivative financial instruments	16	1 789 724	1 207 485	1 363 508	1 592 915
Amounts due to customers	21	48 952 576	46 447 740	47 150 953	43 989 230
Debt securities in issue		1 523 382	1 466 784	1 371 824	1 478 620
Subordinated liabilities		3 440 301	3 139 856	3 010 127	2 849 798
Liabilities held for sale	22	-	832 976	-	-
Other liabilities		1 494 659	1 498 411	1 138 750	1 391 299
Current income tax liabilities		153 168	102 911	25 469	16 725
Deferred income tax liabilities		442	240	629	1 000
Provisions		152 491	152 165	175 325	185 939
Total liabilities		**86 648 714**	**81 107 441**	**82 963 672**	**77 480 438**
Equity					
Equity attributable to Owners of BRE Bank SA		**7 772 122**	**7 496 162**	**6 909 303**	**6 764 713**
Share capital:		**3 493 761**	**3 493 698**	**3 491 812**	**3 487 850**
- Registered share capital		168 410	168 347	168 347	168 311
- Share premium		3 325 351	3 325 351	3 323 465	3 319 539
Retained earnings:		**4 204 947**	**3 902 017**	**3 356 345**	**3 162 423**
- Profit from the previous years		3 354 808	3 359 138	2 714 743	2 716 303
- Profit for the current year		850 139	542 879	641 602	446 120
Other components of equity		**73 414**	**100 447**	**61 146**	**114 440**
Non-controlling interests		**22 814**	**103 283**	**167 982**	**170 666**
Total equity		**7 794 936**	**7 599 445**	**7 077 285**	**6 935 379**
Total equity and liabilities		**94 443 650**	**88 706 886**	**90 040 957**	**84 415 817**
Capital adequacy ratio		**15.76**	**16.08**	**15.90**	**15.89**
Book value		**7 772 122**	**7 496 162**	**6 909 303**	**6 764 713**
Number of shares		**42 102 538**	**42 086 674**	**42 086 674**	**42 077 777**
Book value per share (in PLN)		**184.60**	**178.11**	**164.17**	**160.77**

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

Consolidated Statement of Changes in Equity

Changes from 1 January to 30 September 2011

	Share capital		Retained earnings					Other components of equity				
	Registered share capital	Share premium	Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets	Equity attributable to Owners of BRE Bank SA, total	Non-controlling interests	Total equity
Equity as at 1 January 2011	**168 347**	**3 323 465**	**1 814 954**	**55 300**	**778 953**	**707 138**	**-**	**50**	**61 096**	**6 909 303**	**167 982**	**7 077 285**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2011	**168 347**	**3 323 465**	**1 814 954**	**55 300**	**778 953**	**707 138**	**-**	**50**	**61 096**	**6 909 303**	**167 982**	**7 077 285**
Total comprehensive income							**850 139**	**2 531**	**9 737**	**862 407**	**9 975**	**872 382**
Transfer to General Risk Fund	-	-	-	-	63 000	(63 000)	-	-	-	-	-	-
Transfer to reserve capital	-	-	-	17 000	-	(17 000)	-	-	-	-	-	-
Transfer to supplementary capital	-	-	519 721	-	-	(519 721)	-	-	-	-	-	-
Issue of shares	63	-	-	-	-	-	-	-	-	63	-	63
Increase of share in consolidated company	-	-	-	(513)	-	(7 034)	-	-	-	(7 547)	(155 143)	(162 690)
Stock option program for employees	-	1 886	-	6 010	-	-	-	-	-	7 896	-	7 896
- value of services provided by the employees	-	-	-	*7 896*	-	-	-	-	-	*7 896*	-	*7 896*
- settlement of exercised options	-	*1 886*	-	*(1 886)*	-	-	-	-	-	-	-	-
Equity as at 30 September 2011	**168 410**	**3 325 351**	**2 334 675**	**77 797**	**841 953**	**100 383**	**850 139**	**2 581**	**70 833**	**7 772 122**	**22 814**	**7 794 936**

Changes from 1 January to 31 December 2010

	Share capital		Retained earnings					Other components of equity				
	Registered share capital	Share premium	Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets	Equity attributable to Owners of BRE Bank SA, total	Non-controlling interests	Total equity
Equity as at 1 January 2010	**118 764**	**1 402 919**	**1 761 960**	**53 158**	**719 210**	**178 066**	**-**	**3 017**	**(116 907)**	**4 120 187**	**150 967**	**4 271 154**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2010	**118 764**	**1 402 919**	**1 761 960**	**53 158**	**719 210**	**178 066**	**-**	**3 017**	**(116 907)**	**4 120 187**	**150 967**	**4 271 154**
Total comprehensive income							**641 602**	**(2 967)**	**178 003**	**816 638**	**17 015**	**833 653**
Transfer to General Risk Fund	-	-	-	-	59 743	(59 743)	-	-	-	-	-	-
Transfer to supplementary capital	-	-	52 994	-	-	(52 994)	-	-	-	-	-	-
Loss coverage with reserve capital	-	-	-	(207)	-	207	-	-	-	-	-	-
Issue of shares	49 583	1 929 907	-	-	-	-	-	-	-	1 979 490	-	1 979 490
Issue expenses	-	(13 287)	-	-	-	-	-	-	-	(13 287)	-	(13 287)
Stock option program for employees	-	3 926	-	2 349	-	-	-	-	-	6 275	-	6 275
- value of services provided by the employees	-	-	-	*6 275*	-	-	-	-	-	*6 275*	-	*6 275*
- settlement of exercised options	-	*3 926*	-	*(3 926)*	-	-	-	-	-	-	-	-
Equity as at 31 December 2010	**168 347**	**3 323 465**	**1 814 954**	**55 300**	**778 953**	**65 536**	**641 602**	**50**	**61 096**	**6 909 303**	**167 982**	**7 077 285**

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

Changes from 1 January to 30 September 2010

	Share capital		Retained earnings					Other components of equity		Equity attributable to Owners of BRE Bank SA, total	Non-controlling interests	Total equity
	Registered share capital	Share premium	Other supplementary capital	Other reserve capital	General risk fund	Profit from the previous years	Profit for the current year	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets			
Equity as at 1 January 2010	**118 764**	**1 402 919**	**1 761 960**	**53 158**	**719 210**	**178 066**	**-**	**3 017**	**(116 907)**	**4 120 187**	**150 967**	**4 271 154**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2010	**118 764**	**1 402 919**	**1 761 960**	**53 158**	**719 210**	**178 066**	**-**	**3 017**	**(116 907)**	**4 120 187**	**150 967**	**4 271 154**
Total comprehensive income							**446 120**	**(2 994)**	**231 324**	**674 450**	**19 699**	**694 149**
Transfer to General Risk Fund	-	-	-	-	59 743	(59 743)	-	-	-	-	-	-
Transfer to supplementary capital	-	-	52 995	-	-	(52 995)	-	-	-	-	-	-
Loss coverage with reserve capital	-	-	-	(207)	-	207	-	-	-	-	-	-
Issue of shares	49 547	1 929 907	-	-	-	-	-	-	-	1 979 454	-	1 979 454
Issue expenses	-	(13 287)	-	-	-	-	-	-	-	(13 287)	-	(13 287)
Stock option program for employees	-	-	-	3 909	-	-	-	-	-	3 909	-	3 909
- value of services provided by the employees	-	-	-	*3 972*	-	-	-	-	-	*3 972*	-	*3 972*
- settlement of exercised options	-	-	-	*(63)*	-	-	-	-	-	*(63)*	-	*(63)*
Equity as at 30 September 2010	**168 311**	**3 319 539**	**1 814 955**	**56 860**	**778 953**	**65 535**	**446 120**	**23**	**114 417**	**6 764 713**	**170 666**	**6 935 379**

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

Consolidated Statement of Cash Flows

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
A. Cash flow from operating activities	**3 165 504**	**(3 903 220)**
Profit before income tax	**1 100 882**	**608 705**
Adjustments:	***2 064 622***	***(4 511 925)***
Income taxes paid (negative amount)	(83 220)	(23 431)
Amortisation	179 295	177 207
Foreign exchange (gains) losses related to financing activities	4 065 212	182 025
(Gains) losses on investing activities	(15 498)	(46 784)
Impairment of financial assets	-	(1 704)
Dividends received	(15 369)	(8 163)
Interest received	(1 867 095)	(1 481 098)
Interest paid	1 059 514	1 141 201
Changes in loans and advances to banks	(110 113)	299 012
Changes in trading securities	(469 528)	273 886
Changes in assets and liabilities on derivative financial instruments	136 339	84 888
Changes in loans and advances to customers	(4 481 240)	(710 618)
Changes in investment securities	2 982 737	(4 548 466)
Changes in other assets	(117 321)	(27 022)
Changes in amounts due to other banks	23 253	(735 140)
Changes in amounts due to customers	383 814	745 457
Changes in debt securities in issue	(3 350)	60 570
Changes in provisions	(11 282)	8 982
Changes in other liabilities	408 474	97 273
Net cash generated from operating activities	**3 165 504**	**(3 903 220)**
B.Cash flows from investing activities	**(176 254)**	**(33 124)**
Investing activity inflows	**114 983**	**91 039**
Disposal of shares in associates	1 348	-
Disposal of shares in subsidiaries, net of cash disposed	82 727	-
Disposal of intangible assets and tangible fixed assets	15 411	20 581
Dividends received	15 257	8 163
Other investing inflows	240	62 295
Investing activity outflows	**291 237**	**124 163**
Acquisition of shares in subsidiaries, net of cash acquired	107 455	-
Purchase of intangible assets and tangible fixed assets	183 782	124 163
Net cash used in investing activities	**(176 254)**	**(33 124)**
C. Cash flows from financing activities	**(1 708 866)**	**1 507 175**
Financing activity inflows	**1 927 377**	**4 933 416**
Proceeds from loans and advances from other banks	276 428	1 830 989
Proceeds from other loans and advances	-	199 260
Issue of debt securities	1 650 886	937 000
Issue of ordinary shares	63	1 966 167
Financing activity outflows	**3 636 243**	**3 426 241**
Repayments of loans and advances from other banks	1 851 689	2 217 149
Repayments of other loans and advances	9 732	14 561
Redemption of debt securities	1 495 978	938 156
Payments of financial lease liabilities	283	160
Dividends and other payments to shareholders	-	2 272
Other financing outflows	278 561	253 943
Net cash generated from financing activities	**(1 708 866)**	**1 507 175**
Net increase / decrease in cash and cash equivalents (A+B+C)	**1 280 384**	**(2 429 169)**
Effects of exchange rate changes on cash and cash equivalents	32 032	17 150
Cash and cash equivalents at the beginning of the reporting period	5 805 816	6 867 880
Cash and cash equivalents at the end of the reporting period	**7 118 232**	**4 455 861**

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

BRE Bank SA Stand-alone Financial Information

Income Statement

	Note	3rd Quarter (current year) period from 01.07.2011 to 30.09.2011	3 Quarters (current year) period from 01.01.2011 to 30.09.2011	3rd Quarter (previous year) period from 01.07.2010 to 30.09.2010	3 Quarters (previous year) period from 01.01.2010 to 30.09.2010
Interest income		881 710	2 481 334	752 526	2 209 188
Interest expense		(399 709)	(1 091 247)	(339 099)	(1 108 689)
Net interest income		**482 001**	**1 390 087**	**413 427**	**1 100 499**
Fee and commission income		253 859	738 713	228 729	657 936
Fee and commission expense		(94 015)	(269 152)	(82 189)	(271 687)
Net fee and commission income		**159 844**	**469 561**	**146 540**	**386 249**
Dividend income		67	45 780	53	19 270
Net trading income, including:		108 717	299 374	83 069	296 786
Foreign exchange result		*98 714*	*273 426*	*81 098*	*273 928*
Other trading income and hedge accounting		*10 003*	*25 948*	*1 971*	*22 858*
Gains less losses from investment securities		72 247	70 120	958	893
Other operating income		11 793	46 234	12 685	34 958
Impairment losses on loans and advances		(95 415)	(242 054)	(110 580)	(472 411)
Overhead costs		(306 201)	(871 388)	(283 404)	(763 577)
Amortization and depreciation		(43 009)	(130 861)	(43 946)	(134 139)
Other operating expenses		(17 605)	(43 524)	(13 399)	(40 554)
Operating profit		**372 439**	**1 033 329**	**205 403**	**427 974**
Profit before income tax		**372 439**	**1 033 329**	**205 403**	**427 974**
Income tax expense		(74 118)	(207 715)	(49 474)	(100 400)
Net profit		**298 321**	**825 614**	**155 929**	**327 574**

Net profit			**825 614**		**327 574**
Weighted average number of ordinary shares	14		**42 091 048**		**34 860 155**
Earnings per ordinary share (in PLN)	14		**19.61**		**9.40**
Weighted average number of ordinary shares for diluted earnings	14		**42 129 485**		**34 902 290**
Diluted earnings per ordinary share (in PLN)	14		**19.60**		**9.39**

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

BRE Bank SA Stand-alone Financial Information

Statement of Comprehensive Income

	3rd Quarter (current year) period from 01.07.2011 to 30.09.2011	3 Quarters (current year) period from 01.01.2011 to 30.09.2011	3rd Quarter (previous year) period from 01.07.2010 to 30.09.2010	3 Quarters (previous year) period from 01.01.2010 to 30.09.2010
Net profit	**298 321**	**825 614**	**155 929**	**327 574**
Other comprehensive income net of tax	**(16 181)**	**21 467**	**90 616**	**280 157**
Exchange differences on translation of foreign operations (net)	1 906	3 248	(774)	(1 856)
Change in valuation of available for sale financial assets (net)	(18 087)	18 219	91 390	282 013
Total comprehensive income net of tax, total	**282 140**	**847 081**	**246 545**	**607 731**

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

BRE Bank SA Stand-alone Financial Information

Statement of Financial Position

ASSETS	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Cash and balances with the Central Bank	4 179 985	1 793 284	2 340 672	1 323 709
Debt securities eligible for rediscounting at the Central Bank	6 330	15 268	3 686	10 149
Loans and advances to banks	4 791 618	4 310 833	3 762 688	4 052 476
Trading securities	1 506 682	1 444 419	1 731 030	987 685
Derivative financial instruments	1 551 286	1 043 594	1 221 565	1 498 733
Loans and advances to customers	58 183 847	53 660 196	51 662 336	46 655 411
Hedge accounting adjustments related to fair value of hedged items	2 582	770	-	-
Investment securities	14 438 568	17 174 842	19 195 574	19 598 704
Pledged assets	2 893 539	1 224 252	1 828 724	1 622 570
Non-current assets held for sale	-	45 570	-	-
Investments in subsidiaries	555 738	538 394	491 761	481 605
Intangible assets	364 465	370 292	379 981	357 182
Tangible fixed assets	499 684	503 935	534 450	506 736
Deferred income tax assets	43 185	20 100	62 291	65 965
Other assets	354 054	412 814	304 412	339 974
Total assets	**89 371 563**	**82 558 563**	**83 519 170**	**77 500 899**
EQUITY AND LIABILITIES				
Amounts due to the Central Bank	-	-	79	133
Amounts due to other banks	26 775 783	23 420 076	24 880 962	21 861 815
Derivative financial instruments	1 784 018	1 204 735	1 361 907	1 598 537
Amounts due to customers	48 583 782	46 305 166	46 798 243	43 565 538
Subordinated liabilities	3 440 301	3 139 856	3 010 127	2 849 798
Other liabilities	1 186 000	1 217 106	841 070	1 130 293
Current income tax liabilities	145 267	98 719	19 689	1 084
Provisions for deferred income tax	85	77	77	77
Provisions	70 329	71 737	76 058	102 191
Total liabilities	**81 985 565**	**75 457 472**	**76 988 212**	**71 109 466**
Equity				
Share capital	**3 493 761**	**3 493 698**	**3 491 812**	**3 487 850**
- Registered share capital	168 410	168 347	168 347	168 311
- Share premium	3 325 351	3 325 351	3 323 465	3 319 539
Retained earnings:	**3 728 936**	**3 427 911**	**2 897 312**	**2 708 722**
- Profit for the previous year	2 903 322	2 900 618	2 379 588	2 381 148
- Net profit for the current year	825 614	527 293	517 724	327 574
Other components of equity	**163 301**	**179 482**	**141 834**	**194 861**
Total equity	**7 385 998**	**7 101 091**	**6 530 958**	**6 391 433**
Total equity and liabilities	**89 371 563**	**82 558 563**	**83 519 170**	**77 500 899**
Capital adequacy ratio	**16.21**	**16.78**	**16.91**	**16.92**
Book value	**7 385 998**	**7 101 091**	**6 530 958**	**6 391 433**
Number of shares	**42 102 538**	**42 086 674**	**42 086 674**	**42 077 777**
Book value per share (in PLN)	**175.43**	**168.73**	**155.18**	**151.90**

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

BRE Bank SA Stand-alone Financial Information

Statement of Changes in Equity

Changes from 1 January to 30 September 2011

	Share capital		Retained earnings					Other components of equity		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	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets	
Equity as at 1 January 2011	168 347	3 323 465	1 603 654	10 791	765 143	517 724	-	(3 782)	145 616	6 530 958
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2011	168 347	3 323 465	1 603 654	10 791	765 143	517 724	-	(3 782)	145 616	6 530 958
Total comprehensive income							825 614	3 248	18 219	847 081
Transfer to General Risk Fund	-	-	-	-	60 000	(60 000)	-	-	-	-
Transfer to supplementary capital	-	-	457 724	-	-	(457 724)	-	-	-	-
Issue of shares	63	-	-	-	-	-	-	-	-	63
Stock option program for employees	-	1 886	-	6 010	-	-	-	-	-	7 896
- value of services provided by the employees	-	-	-	*7 896*	-	-	-	-	-	*7 896*
- settlement of exercised options	-	*1 886*	-	*(1 886)*	-	-	-	-	-	-
Equity as at 30 September 2011	168 410	3 325 351	2 061 378	16 801	825 143	-	825 614	(534)	163 835	7 385 998

Changes from 1 January to 31 December 2010

	Share capital		Retained earnings					Other components of equity		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	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets	
Equity as at 1 January 2010	118 764	1 402 919	1 603 654	8 442	708 000	57 143	-	(2 609)	(82 687)	3 813 626
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2010	118 764	1 402 919	1 603 654	8 442	708 000	57 143	-	(2 609)	(82 687)	3 813 626
Total comprehensive income							517 724	(1 173)	228 303	744 854
Transfer to General Risk Fund	-	-	-	-	57 143	(57 143)	-	-	-	-
Issue of shares	49 583	1 929 907	-	-	-	-	-	-	-	1 979 490
Issue expenses	-	(13 287)	-	-	-	-	-	-	-	(13 287)
Stock option program for employees	-	3 926	-	2 349	-	-	-	-	-	6 275
- value of services provided by the employees	-	-	-	*6 275*	-	-	-	-	-	*6 275*
- settlement of exercised options	-	*3 926*	-	*(3 926)*	-	-	-	-	-	-
Equity as at 31 December 2010	168 347	3 323 465	1 603 654	10 791	765 143	-	517 724	(3 782)	145 616	6 530 958

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

Changes from 1 January to 30 September 2010

	Share capital		Retained earnings					Other components of equity		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	Exchange differences on translation of foreign operations	Valuation of available for sale financial assets	
Equity as at 1 January 2010	**118 764**	**1 402 919**	**1 603 654**	**8 442**	**708 000**	**57 143**	**-**	**(2 609)**	**(82 687)**	**3 813 626**
- reclassification to book value through profit and loss account	-	-	-	-	-	-	-	-	-	-
- changes to accounting policies	-	-	-	-	-	-	-	-	-	-
- adjustment of errors	-	-	-	-	-	-	-	-	-	-
Adjusted equity as at 1 January 2010	**118 764**	**1 402 919**	**1 603 654**	**8 442**	**708 000**	**57 143**	**-**	**(2 609)**	**(82 687)**	**3 813 626**
Total comprehensive income							**327 574**	**(1 856)**	**282 013**	**607 731**
Transfer to General Risk Fund	-	-	-	-	57 143	(57 143)	-	-	-	-
Issue of shares	49 547	1 929 907	-	-	-	-	-	-	-	1 979 454
Issue expenses	-	(13 287)	-	-	-	-	-	-	-	(13 287)
Stock option program for employees	-	-	-	3 909	-	-	-	-	-	3 909
- value of services provided by the employees	*-*	*-*	*-*	*3 972*	*-*	*-*	*-*	*-*	*-*	*3 972*
- settlement of exercised options	*-*	*-*	*-*	*(63)*	*-*	*-*	*-*	*-*	*-*	*(63)*
Equity as at 30 September 2010	**168 311**	**3 319 539**	**1 603 654**	**12 351**	**765 143**	**-**	**327 574**	**(4 465)**	**199 326**	**6 391 433**

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

BRE Bank SA Stand-alone Financial Information

Statement of Cash Flows

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
A. Cash flow from operating activities	**2 132 247**	**(5 215 174)**
Profit before income tax	**1 033 329**	**427 974**
Adjustments:	***1 098 918***	***(5 643 148)***
Income taxes paid (negative amount)	(68 143)	7 557
Amortisation	130 861	134 139
Foreign exchange (gains) losses related to financing activities	4 056 287	182 011
(Gains) losses on investing activities	(72 221)	678
Impairment of financial assets	-	(1 704)
Dividends received	(45 780)	(19 270)
Interest received	(1 953 843)	(1 580 364)
Interest paid	1 070 090	1 139 905
Changes in loans and advances to banks	(215 972)	(928 386)
Changes in trading securities	(364 462)	177 953
Changes in assets and liabilities on derivative financial instruments	92 390	98 523
Changes in loans and advances to customers	(4 665 750)	(936 048)
Changes in investment securities	2 927 823	(4 518 642)
Changes in other assets	(44 370)	(13 474)
Changes in amounts due to other banks	(212 834)	(171 037)
Changes in amounts due to customers	98 997	682 051
Changes in provisions	(5 729)	(6 598)
Changes in other liabilities	371 574	109 558
Net cash generated from operating activities	**2 132 247**	**(5 215 174)**
B.Cash flows from investing activities	**(37 279)**	**(32 651)**
Investing activity inflows	**167 741**	**19 314**
Disposal of shares in subsidiaries, net of cash disposed	121 317	-
Disposal of intangible assets and tangible fixed assets	644	44
Dividends received	45 780	19 270
Investing activity outflows	**205 020**	**51 965**
Acquisition of shares in subsidiaries, net of cash acquired	107 130	-
Purchase of intangible assets and tangible fixed assets	97 890	51 965
Net cash used in investing activities	**(37 279)**	**(32 651)**
C. Cash flows from financing activities	**(950 860)**	**2 682 175**
Financing activity inflows	**239 718**	**3 892 922**
Proceeds from loans and advances from other banks	239 655	1 727 495
Proceeds from other loans and advances	-	199 260
Issue of ordinary shares	63	1 966 167
Financing activity outflows	**1 190 578**	**1 210 747**
Repayments of loans and advances from other banks	897 255	955 866
Repayments of other loans and advances	9 732	9 454
Payments of financial lease liabilities	8 958	4 362
Other financing outflows	274 633	241 065
Net cash generated from financing activities	**(950 860)**	**2 682 175**
Net increase / decrease in cash and cash equivalents (A+B+C)	**1 144 108**	**(2 565 650)**
Effects of exchange rate changes on cash and cash equivalents	39 676	17 150
Cash and cash equivalents at the beginning of the reporting period	5 927 201	6 534 190
Cash and cash equivalents at the end of the reporting period	**7 110 985**	**3 985 690**

Explanatory Notes to the Consolidated Financial Statements

1. Information regarding the Group of BRE Bank SA

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

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

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

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

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

As at 30 September 2011, BRE Bank SA Group as covered by the Consolidated Financial Statements comprised the following companies:

BRE Bank SA; the parent entity

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

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 in Polish and foreign banks, and can possess foreign exchange assets and trade in them.

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

As at 30 September 2011 the headcount of BRE Bank SA amounted to 4 636 FTEs (Full Time Equivalents). The headcount of the Group amounted to 6 191 FTEs (30 September 2010: Bank 4 302 FTEs, Group 5 894 FTEs).

As at 30 September 2011 the employment in BRE Bank SA was 5 550 persons and in the Group 8 043 persons (30 September 2010: Bank 5 181 persons, Group 6 850 persons).

Corporates and Financial Markets Segment, including:

Corporates and Institutions

- BRE Holding Sp. z o.o., subsidiary
- BRE Leasing Sp. z o.o., subsidiary
- Garbary Sp. z o.o., subsidiary
- Polfactor SA, subsidiary
- Transfinance a.s., subsidiary
- BRE GOLD Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, subsidiary

Trading and Investment

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

Retail Banking Segment (including Private Banking)

- Aspiro SA, subsidiary
- BRE Wealth Management SA, subsidiary
- BRE Ubezpieczenia TUiR SA, subsidiary, insurer
- BRE Ubezpieczenia Sp. z o.o., subsidiary, insurance broker

Other

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

Other information concerning companies of the Group

On 28 July 2011, the Group completed the sale of its stakes in Intermarket Bank AG and Magyar Factor zRt. and acquired from Intermarket Bank AG its respective stakes in Polfactor SA and Transfinance a.s.

The transaction was described under item 10 of the Selected Explanatory Information of these Consolidated Financial Statements.

A detailed description of the business of the companies of BRE Bank SA Group was presented in the Explanatory Notes to the Consolidated Financial Statements for 2010, published on 28 February 2011.

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

2.1 Accounting Basis

These Consolidated Financial Statements of BRE Bank SA Group have been prepared for the 9-month period ended 30 September 2011.

The presented Consolidated Financial Statements for the third quarter of 2011 fulfill the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting', concerning interim financial statements.

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

2.2 Consolidation

Subsidiaries

Subsidiaries comprise any entities (including special purpose vehicles) over which the Group has the power to manage their financial and operating policies generally accompanying a shareholding of a majority of the voting rights. When assessing whether the Group actually controls the given entity, the existence and impact of potential voting rights that are currently exercisable or convertible are considered. Subsidiary entities are subject to full consolidation from the date of acquisition of control over them by the Group. Their consolidation is discontinued from the date when control is not exercised any longer. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, 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 recognised directly in the Income Statement (see Note 2.18).

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

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

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

Changes in parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions and presented in other reserve capital.

Consolidation 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. Those companies were recognised at cost less impairment.

Associates

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

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

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

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

Company	30.09.2011		30.09.2010	
	Share in voting rights (directly and indirectly)	Consolidation method	Share in voting rights (directly and indirectly)	Consolidation method
Aspiro SA	100%	full	100%	full
BRE Bank Hipoteczny SA	100%	full	100%	full
BRE Holding Sp. z o.o.	100%	full	100%	full
BRE Leasing Sp. z o.o.	100%	full	50.004%	full
BRE Ubezpieczenia Sp. z o.o.	100%	full	100%	full
BRE Ubezpieczenia TUiR SA	100%	full	100%	full
BRE Wealth Management SA	100%	full	100%	full
Centrum Rozliczeń i Informacji CERI Sp. z o.o.	100%	full	100%	full
Dom Inwestycyjny BRE Banku SA	100%	full	100%	full
Garbary Sp. z o.o.	100%	full	100%	full
Polfactor SA	100%	full	78.12%	full
Transfinance a.s.	100%	full	78.12%	full
BRE Finance France SA	99.98%	full	99.98%	full
BRE.locum SA	79.99%	full	79.99%	full
BRE GOLD FIZ Aktywów Niepublicznych	100% of certificates	full	100% of certificates	full
Intermarket Bank AG	-	-	56.24%	full
Magyar Factor zRt.	-	-	78.12%	full

Starting from the end of July 2011, the Bank stopped the consolidation of Intermarket Bank AG and Magyar Factor zRt. due to the completed sale of their shares.

2.3 Interest Income and Expenses

All interest income on financial instruments carried at amortised cost using the effective interest rate method are recognised in the Income Statement.

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

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

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

Interest income, including interest on loans, is recognised in the Income Statement, and on the other side in the Statement of Financial Position as receivables from banks or from other customers.

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

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 granting of loans which are likely to be drawn down are deferred (together with the related direct costs) and recognised as adjustments of the effective interest rate charge on the loan. Fees on account of syndicated loans are recognised as income at the time of closing of the process of organisation of the respective syndicate, if the Group has not retained any part of the credit risk on its own account or has retained a part with the same effective interest rate as other participants. Commissions and fees on account of negotiation or participation in the negotiation of a transaction on behalf of a third party, such as the acquisition of shares or other securities, or the acquisition or disposal of an enterprise, are recognised at the time of realisation of the respective transaction. 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 on a time – apportionate basis. 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, which are continuously provided over an extended period of time.

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

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

Income on account of services provided as an insurance agent is recognised at the time of performance of the services in the net amount, after deduction of expenses (directly connected with the income) of services provided by the entities from outside of the Group.

2.5 Insurance premium revenue

Insurance premium revenue accomplished upon insurance activity is recognised at the policy issue date and calculated proportionally over the period of insurance cover. Insurance premium revenue is recognised under other operating income in the consolidated financial statements of the Group.

2.6 Compensations and benefits, net

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

2.7 Segment Reporting

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

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

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

2.8 Financial Assets

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

<u>Financial assets valued at fair value through the Income Statement</u>

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

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

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

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

If a contract contains one or more embedded derivatives, the Group designates the entire hybrid (combined) contract as a financial asset or financial liability at fair value through the Income Statement unless:

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

The Group also designates the financial assets/financial liabilities at fair value through the Income Statement when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial assets, financial liabilities or both is properly managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

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

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

Loans and Receivables

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

Held to Maturity Investments

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

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

In reporting periods presented in these Consolidated Financial Statements, there were no assets held to maturity at the Group.

Available for Sale Investments

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

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

Standardised purchases and sales of financial assets at fair value through the Income Statement, held to maturity and available for sale are recognised on the settlement date – the date on which the Group delivers or receives the asset. Changes in fair value in the period between trade and settlement date with respect to assets carried at fair value is recognised in Income Statement or in Comprehensive Income. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs, except for financial assets at fair value through the Income Statement. Financial assets are excluded from the Statement of Financial Position 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 Income Statement are valued at the end of the reporting period according to their fair value. Loans and receivables, as well as investments held to maturity are measured at adjusted cost of acquisition (amortised cost), applying the effective interest rate method. Gains and losses resulting from changes in the fair value of 'financial assets measured at fair value through the Income Statement' are recognised in the Income Statement in the period in which they arise. Gains and losses arising from changes in the fair value of available for sale financial assets are recognised directly in equity until the derecognition of the respective financial asset in the Statement of Financial Position or until its impairment: at such time the aggregate net gain or loss previously recognised in equity is now recognised in the Income Statement. However, interest calculated using the effective interest rate is recognised in the Income Statement. Dividends on available for sale equity instruments are recognised in the Income Statement when the entity's right to receive payment is established.

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

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

Investments in associates are initially recognised in the Statement of Financial Position at cost less impairment write-offs.

2.9 Reinsurance assets

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

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

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

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

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

2.10 Offsetting Financial Instruments

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

2.11 Impairment of Financial Assets

<u>Assets Carried at Amortised Cost</u>

At the end of the reporting period, the Group estimates whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the future cash flows of the financial asset or group of financial assets that can be reliably estimated. 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 impairment of loans and receivables or investments held to maturity and recognised at amortised cost, the impairment amount is calculated as the difference between the carrying value in the Statement of Financial Position of the respective asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying value of the asset is reduced through the use of an allowance account, and the resulting impairment loss is charged to the Income Statement. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

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

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

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

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

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

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

At the end of the reporting period the Group estimates whether there is an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost resulting from higher credit risk is considered when determining whether the assets are impaired. If such kind of evidence concerning available for sale financial assets exists, the cumulative loss – determined as the difference between the cost of acquisition and the current fair value – is removed from equity and recognised in the Income Statement. The above indicated difference should be reduced by the impairment concerning the given asset which was previously recognised in the Income Statement. Impairment losses concerning equity instruments recorded in the Income Statement are not reversed through the Income Statement, but through 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 Income Statement, then the respective impairment loss is reversed in the Income Statement.

<u>Renegotiated agreements</u>

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

2.12 Financial Guarantee Contracts

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

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

- the amount determined in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', and
- the amount initially recognised less, when appropriate, cumulative amortization recognised in accordance with IAS 18 'Revenue'.

2.13 Cash and Cash Equivalents

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

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

2.14 Sell-buy-back, Buy-sell-back, Reverse Repo and Repo Contracts

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

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

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

Securities borrowed by the Group are not recognised in the financial statements, unless they are sold to third parties. In such case the purchase and sale transactions are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as trading liability.
Securities borrowed under 'buy-sell-back' transactions and then lent under 'sell-buy-back' transactions are not recognised as financial assets.
As a result of 'sell-buy-back' transactions concluded on securities held by the Group, financial assets are transferred in such way that they do not qualify for derecognition. Thus, the Group retains substantially all risks and rewards of ownership of the financial assets.

2.15 Derivative Financial Instruments and Hedge Accounting

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

The best fair value indicator for a derivative instrument at the time of its initial recognition is the price of the transaction (i.e., the fair value of the paid or received consideration), 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 Income Statement. Embedded derivative instruments of this kind are measured at fair value and the changes in fair value are recognised in the Income Statement.

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

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

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

- For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.
- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.
- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

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

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

Fair Value Hedges

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

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

Cash Flow Hedges

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

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

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

Derivative Instruments Not Fulfilling the Criteria of Hedge Accounting

Changes of the fair value of derivative instruments that do not meet the criteria of hedge accounting are recognised in the Income Statement of the current period.

The Group holds the following derivative instruments in its portfolio:

Market risk instruments:

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

Interest rate risk instruments:

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

Foreign exchange risk instruments:

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

2.16 Gains and Losses on Initial Recognition

The best evidence of fair value of a financial instrument at initial recognition is the transaction price (i.e., the fair value of the payment given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (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 the Income Statement.

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

2.17 Borrowings and deposits taken

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

2.18 Intangible Assets

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

Goodwill

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

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.
Goodwill is allocated to cash generating units or groups of cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose and identified in accordance with IFRS 8.

Computer software

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

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

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

Development costs

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

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

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 Statement of Financial Position might not be possible to be recovered.

2.19 Tangible Fixed Assets

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

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

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

Land is not depreciated. Depreciation of other fixed assets is accounted for according to the straight line method in order to spread their initial value 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 structures 25-40 years,
- Technical plant vehicles 5-15 years,
- Transport vehicles 5 years,
- Information technology hardware 3.33-5 years,
- Investments in third party fixed assets 10-40 years or the period of the lease contract,
- Office equipment, furniture 5-10 years.

Land and buildings consist mainly of branch outlets and offices. Residual values and estimated useful life periods are verified at the end of the reporting period and adjusted accordingly as the need arises.

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

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

Gains and losses on account of the disposal of fixed assets are determined by comparing the proceeds from their sale against their carrying value in the Statement of Financial Position and they are recognised in the Income Statement.

2.20 Inventories

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

2.21 Non-Current Assets Held for Sale and Discontinued Operations

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

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

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

- its carrying amount at a date before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, 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 usage may also be classified as discontinued operation.

2.22 Deferred Income Tax

The Group creates a deferred income tax on the temporary difference arising between the 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 assets and liabilities in relation to the previous accounting period is recorded under the item 'Income Tax'. The balance sheet method is applied for the calculation of the deferred corporate income tax.

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

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

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

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

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

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

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

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

2.23 Assets Repossessed for Debt

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

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

2.24 Prepayments, Accruals and Deferred Income

Prepayments are recorded if the respective expenses concern the months succeeding the month in which they were incurred. Prepayments are presented in the Statement of Financial Position under 'Other assets'.

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

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

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

2.25 Leasing

<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 amount equal to the net investment in the lease is recognised as receivables. The difference between the gross receivable amount and the present value of the receivables is recognised as unrealised financial income.

Revenue from leasing agreements is recognized as follows:

- Interests on finance lease

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

- Revenue from operating lease

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

<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.

2.26 Provisions

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

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

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

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

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

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

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

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

2.27 Retirement Benefits and Other Employee Benefits

Retirement Benefits

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

Benefits Based on Shares

The Group runs programs of remuneration based on and settled in own shares as well as based on shares of the ultimate parent of the Group and settled in cash. These benefits are accounted for in compliance with IFRS 2 Share-based Payment. The fair value of the service rendered by employees in return for options and shares granted increases the costs of the respective period, corresponding to own equity in the case of transactions settled in own shares and liabilities in the case of cash-settled transactions based on shares of the ultimate parent of the Group. The total amount which needs to be expensed over the period when the outstanding rights of the employees for their options and shares to become exercisable are vested is determined on the basis of the fair value of the granted options and shares. There are no market vesting conditions that shall be taken into account when estimating the fair value of share options and shares at the measurement date. Non-market vesting conditions are not taken into account when estimating the fair value of share options and shares but they are taken into account through adjustment on the number of equity instruments. At the end of each reporting period, the Group revises its estimates of the number of options and shares that are expected to become exercised. In accordance with IFRS 2 it is not necessary to recognise the change in fair value of the share-based payment over the term of the programs. In case of the part of the program based on shares of the ultimate parent until the liability is settled, the Group measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

2.28 Equity

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

Registered share capital

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

- Own Shares

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

Share premium

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

- Share Issue Costs

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

Retained earnings

Retained earnings include:

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

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

Moreover, other reserve capital comprises valuation of employee options.

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

Other components of equity

Other components of equity result from:

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

2.29 Valuation of Items Denominated in Foreign Currencies

Functional Currency and Presentation Currency

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

Transactions and Balances

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

Foreign exchange differences arising on account of such non-monetary items as financial assets measured at fair value through the Income Statement are recognised under gains or losses arising in connection with changes of fair value. Foreign exchange differences on account of such non-monetary assets as equity instruments classified as available for sale financial assets are recognised under other components of equity.

Changes in fair value of monetary items available for sale cover foreign exchange differences arising from valuation at amortised cost, which are recognised in the Income Statement, and foreign exchange differences relating to other changes in carrying value, which are recognised under other components of equity.

Items of the Statement of Financial Position of foreign branches are converted from functional currency to the presentation currency with the application of the average exchange rate as at the end of the reporting period. Income Statement items of these entities are converted to presentation currency with the application of the arithmetical mean of average exchange rates quoted by the National Bank of Poland on the last day of each month of the reporting period. Foreign exchange differences so arisen are recognised under other components of equity.

Companies Belonging to the Group

The performance and the financial position of all the entities belonging to the Group, none of which conduct their operations under hyperinflationary conditions, the functional currencies of which differ from the presentation currency, are converted to the presentation currency as follows:

- assets and liabilities in each presented Statement of Financial Position are converted at the average rate of exchange of the National Bank of Poland (NBP) in force at the end of this reporting period;
- revenues and expenses in each Income Statement are converted at the rate equal to the arithmetical mean of the average rates quoted by NBP on the last day of each of 9 months of each presented period; whereas
- 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 Income Statement as part of the profit or loss arising upon disposal.

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

Leasing Business

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 Income Statement. In the operating leasing agreements recognised in the Statement of Financial Position of the subsidiary (BRE Leasing Sp. z o.o.), the fixed assets subject to the respective contracts are recognised at the starting date of the appropriate contract as converted to PLN, whereas the foreign currency loans with which they were financed are subject to valuation according to the respective foreign exchange rates.

Additionally, in the case of operating lease agreements, all future receivables on account of leasing payments (including receivables in foreign currencies) are not presented on the face of the financial reports. In the case of finance lease agreements the foreign exchange differences arising from the valuation of leasing payments due as well as of liabilities denominated in foreign currency are recognised through the Income Statement at the end of the reporting period.

2.30 Trust and Fiduciary Activities

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

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

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

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

2.31 New Standards, Interpretations and Amendments to Published Standards

Published Standards and Interpretations which have been issued and binding for the Group for annual periods starting on 1 January 2011:

Standards and Interpretations approved by the European Union:

- IFRIC 14, (Revised), Prepayments of a Minimum Funding Requirement, binding for annual periods starting on or after 1 January 2011.
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments, binding for annual periods starting on or after 1 July 2010.
- IFRS 1 (Revised), Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, binding for annual periods starting on or after 1 July 2010.
- IAS 24, Related Party Disclosures, retrospectively binding for annual periods starting on or after 1 January 2011.
- IAS 32 (Revised), Classification of Rights Issues, binding for annual periods starting on or after 1 February 2010.
- Improvements to IFRS, in majority binding for annual periods starting on or after 1 January 2011.

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

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

Standards and Interpretations which have not yet been approved by the European Union:

- IFRS 1 (Revised), Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, binding for annual periods starting on or after 1 July 2011.
- IFRS 7 (Revised), Disclosures - Transfers of financial assets, binding for annual periods starting on or after 1 July 2011.
- IFRS 9, Financial Instruments, binding for annual periods starting on or after 1 January 2013.
- IFRS 10, Consolidated Financial Statements (replaces the consolidation requirements in IAS 27), binding for annual periods starting on or after 1 January 2013.
- IFRS 11, Joint Arrangements, binding for annual periods starting on or after 1 January 2013.
- IFRS 12, Disclosure of Interests in Other Entities, binding for annual periods starting on or after 1 January 2013.
- IFRS 13, Fair Value Measurement, binding for annual periods starting on or after 1 January 2013.

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- IAS 12 (Revised), Income Taxes: Recovery of Underlying Assets, binding for annual periods starting on or after 1 January 2012.
- IAS 19 (Revised), Employee Benefits, binding for annual periods starting on or after 1 January 2013.
- IAS 27, Separate Financial Statements (together with IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements), binding for annual periods starting on or after 1 January 2013.
- IAS 28, Investments in Associates and Joint Ventures (Supersedes IAS 28, Investments in Associates), binding for annual periods starting on or after 1 January 2013.
- Amendments to IAS 1, Presentation of Items of Other Comprehensive Income, binding for annual periods starting on or after 1 July 2012.

The Group is considering the implications of the IFRS 9, the impact on the Group and the timing of its adoption by the Group. The Group believes that the application of the other standards and interpretations will not have a significant effect on the financial statements in the period of their first application.

2.32 Comparative Data

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

In the current reporting period, the Group has introduced modifications to the way of the balance-sheet registration of liabilities arising from cash funds of the Bank's clients, which were subject to outgoing transfer orders submitted beyond hours enabling execution of the transfer the same day. This change has been introduced in order to reflect the economic nature of the funds in a better way.

Moreover, the Group has introduced changes to the way of presenting receivables and liabilities arising from the Social Benefits Fund (SBF). In accordance with the legal nature of the funds, receivables and liabilities arising from SBF were removed from the report on the Group's Statement of Financial Position.

The restatement had no impact on the profit and equity in presented comparative data as at 31 December 2010 and 30 September 2010.

The following combination presents the impact of the restatement on presented comparative data in the Consolidated and Stand-alone Financial Statements.

Changes in the BRE Bank Group Consolidated Statement of Financial Position as at 31 December 2010.

	31.12.2010 before adjustments	presentation adjustments	31.12.2010 after adjustments
Loans and advances to banks	2 510 892	(1 484)	2 509 408
Amounts due to customers	47 420 057	(269 104)	47 150 953
Other liabilities	871 130	267 620	1 138 750
Total assets	90 042 441	(1 484)	90 040 957
Total libilities	82 965 156	(1 484)	82 963 672

Changes in the BRE Bank Group Consolidated Statement of Financial Position as at 30 September 2010.

	30.09.2010 before adjustments	presentation adjustments	30.09.2010 after adjustments
Loans and advances to banks	2 927 913	(5 986)	2 921 927
Amounts due to customers	44 517 409	(528 179)	43 989 230
Other liabilities	869 106	522 193	1 391 299
Total assets	84 421 803	(5 986)	84 415 817
Total libilities	77 486 424	(5 986)	77 480 438

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

Changes in the BRE Bank Stand-alone Statement of Financial Position as at 31 December 2010.

	31.12.2010 before adjustments	presentation adjustments	31.12.2010 after adjustments
Loans and advances to banks	3 764 172	(1 484)	3 762 688
Amounts due to customers	47 067 347	(269 104)	46 798 243
Other liabilities	573 450	267 620	841 070
Total assets	83 520 654	(1 484)	83 519 170
Total libilities	76 989 696	(1 484)	76 988 212

Changes in the BRE Bank Stand-alone Statement of Financial Position as at 30 September 2010.

	30.09.2010 before adjustments	presentation adjustments	30.09.2010 after adjustments
Loans and advances to banks	4 058 462	(5 986)	4 052 476
Amounts due to customers	44 093 717	(528 179)	43 565 538
Other liabilities	608 100	522 193	1 130 293
Total assets	77 506 885	(5 986)	77 500 899
Total libilities	71 115 452	(5 986)	71 109 466

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

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

Impairment of loans and advances

The Group reviews its loan portfolio in terms of possible impairments at least once per quarter. In order to determine whether any impairment loss should be recognised in the Income Statement, the Group assesses whether any evidence exists that would indicate some measurable reduction of estimated future cash flows attached to the loan portfolio. The methodology and the assumptions (on the basis of which the estimated cash flow amounts and their anticipated timing are determined) are regularly verified.

Fair value of derivative instruments

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

Technical-insurance provisions

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

As at 30 September 2011 provisions for claims incurred but not reported to the insurer (IBNR) were calculated using the actuarial Naive Loss Ratio ULR (Ultimate Loss Ratio) method which requires in establishing the value of claims only on the basis of the expected loss ratio. The expected loss ratios are established on the basis of available market studies concerning loss arising from the given group of risks.

4. Business Segments

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

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

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

- The Retail Banking segment, which divides its customers into mBank customers, MultiBank customers and BRE Private Banking customers and which offers a full range of the Bank's banking products and services as well as specialized products offered by a number of subsidiaries belonging to the Retail Banking segment. The key products in this segment include current and savings accounts (including accounts in foreign currencies), term deposits, lending products (retail mortgage loans and non-mortgage loans such as cash loans, car loans, overdrafts, credit cards and other loan products), debit cards, insurance products, investment products and brokerage services offered to both individual customers and to micro-businesses. The results of the Retail Banking segment include the results of foreign branches of mBank in the Czech Republic and Slovakia. The Retail Banking segment also includes the results of BRE Wealth Management SA, Aspiro SA as well as BRE Ubezpieczenia TUiR SA and BRE Ubezpieczenia Sp. z o.o..
- The Corporates and Financial Markets segment, which is divided into two sub-segments:
- *Corporates and Institutions* sub-segment (business line), which targets small, medium and large-sized companies and public sector entities. The key products offered to these customers include transactional banking products and services including current account products, multi-functional internet banking, tailor-made cash management and trade finance services, term deposits, foreign exchange transactions, a comprehensive offering of short-term financing and investment loans, cross-border credit, project finance, structured and mezzanine finance services, investment banking products including foreign exchange options, forward contracts, interest rate derivatives and commodity swaps and options, structured deposit products with embedded options (interest on structured deposit products are directly linked to the performance of certain underlying financial instruments such as foreign exchange options, interest rate options and stock options), debt origination for corporate clients, treasury bills and bonds, non-government debt, medium-term bonds, buy sell back and sell buy back transactions and repo transactions, as well as leasing and factoring services. The Corporates and Institutions sub-segment includes the results of the following subsidiaries:, BRE Leasing Sp. z o.o., Intermarket Bank AG, Polfactor SA, BRE Holding Sp. z o.o., Transfinance a.s., Magyar Factor zRt., Garbary Sp. z o.o. as well as BRE Gold Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, all of whose investment certificates were acquired by BRE Bank in November 2009. The main item of assets of BRE Gold FIZ Aktywów Niepublicznych is a shareholding in PZU, owned previously by BRE Bank. In 2011, this business line includes the financial results achieved by Intermarket Bank AG and Magyar Factor zRt till the date of sale of their shares held by the Group.
- *The Trading and Investment* sub-segment (business line) consists primarily of treasury, financial markets, and financial institutions operations, and manages the liquidity, interest rate and foreign exchange risks of the Bank, its trading and investment portfolios, and conducts market making in PLN denominated cash and derivative instruments, debt origination for financial institutions and financial institutions' coverage. The Bank also maintains an extensive correspondent banking network and also develops relationships with other banks providing products such as current accounts, overdrafts, stand alone and syndicated loans and loans insured by KUKE to support the Polish export market. This sub-segment also includes the results of BRE Finance France SA, BRE Bank Hipoteczny SA and Dom Inwestycyjny BRE Banku SA.
- Operations which are not included in the Retail Banking segment and the Corporates and Financial Markets segment are reported under 'Other'. This segment includes the results of BRE.locum SA and Centrum Rozliczeń i Informacji 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.

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

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

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

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

The business operations of particular companies of the Group are attributed to business segments (including consolidation adjustments).

The primary and unique basis used by the Group in the segment reporting is business line division.

Business segment reporting on the activities of BRE Bank Group
for the period from 1 January to 30 September 2011
(PLN'000)

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Other	Eliminations	Total figure for the Group	Statement of financial position reconciliation/ income statement reconciliation
	Corporates & Institutions	Trading & Investment					
Net interest income	**495 828**	**140 389**	**970 749**	**(9 777)**	**-**	**1 597 189**	**1 597 189**
- sales to external clients	718 645	270 651	613 473	(5 580)	-	1 597 189	
- sales to other segments	(222 817)	(130 262)	357 276	(4 197)	-	-	
Net fee and commission income	**242 194**	**65 341**	**311 641**	**(1 175)**	**16 892**	**634 893**	**634 893**
- sales to external clients	231 602	74 121	313 450	(1 172)	16 892	634 893	
- sales to other segments	10 592	(8 780)	(1 809)	(3)	-	-	
Trading income	**110 257**	**91 136**	**110 494**	**861**	**-**	**312 748**	**312 748**
Gains less losses from investment securities	**13 768**	**(673)**	**-**	**140**	**-**	**13 235**	**13 235**
Net impairment losses on loans and advances	**(186 693)**	**(1 165)**	**(96 063)**	**-**	**-**	**(283 921)**	**(283 921)**
Gross profit of the segment	**186 890**	**194 129**	**738 840**	**(22 162)**	**3 185**	**1 100 882**	**1 100 882**
Income tax						(242 348)	(242 348)
Net profit attributable to Owners of BRE Bank SA						850 139	850 139
Net profit attributable to non-controlling interests						8 395	8 395
Assets of the segment	**25 637 221**	**35 346 934**	**38 607 414**	**1 031 697**	**(6 179 616)**	**94 443 650**	**94 443 650**
Liabilities of the segment	**24 909 013**	**39 695 028**	**26 216 206**	**759 732**	**(4 931 265)**	**86 648 714**	**86 648 714**
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(111 188)	(16 022)	(44 967)	(3 706)	-	(175 883)	
Amortisation/depreciation	(96 627)	(16 470)	(63 363)	(2 835)	-	(179 295)	(179 295)
Other costs/ income without cash outflows/ inflows*	310	41 382	2 608	78	(66)	44 312	
- other non-cash costs	*(2 211)*	*(1 475 317)*	*-*	*-*	*33 294*	*(1 444 234)*	
- other non-cash income	*2 521*	*1 516 699*	*2 608*	*78*	*(33 360)*	*1 488 546*	

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

Business segment reporting on the activities of BRE Bank Group
for the period from 1 January to 31 December 2010
(PLN'000)

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Other	Eliminations	Total figure for the Group	Statement of financial position reconciliation/ income statement reconciliation
	Corporates & Institutions	Trading & Investment					
Net interest income	**632 199**	**140 447**	**1 048 413**	**(2 480)**	**(7 615)**	**1 810 964**	**1 810 964**
- sales to external clients	871 219	401 349	546 016	(5)	(7 615)	1 810 964	
- sales to other segments	(239 020)	(260 902)	502 397	(2 475)	-	-	
Net fee and commission income	**318 820**	**84 587**	**311 427**	**(1 578)**	**32 663**	**745 919**	**745 919**
- sales to external clients	308 473	91 325	315 033	(1 575)	32 663	745 919	
- sales to other segments	10 347	(6 738)	(3 606)	(3)	-	-	
Trading income	**160 452**	**101 145**	**152 151**	**568**	**(3 644)**	**410 672**	**410 672**
Gains less losses from investment securities	**46 478**	**(1 330)**	**-**	**-**	**-**	**45 148**	**45 148**
Net impairment losses on loans and advances	**(279 571)**	**(15 572)**	**(339 634)**	**(2)**	**-**	**(634 779)**	**(634 779)**
Gross profit of the segment	**179 111**	**229 316**	**455 642**	**15 210**	**(6 768)**	**872 511**	**872 511**
Income tax						(211 646)	(211 646)
Net profit attributable to Owners of BRE Bank SA						641 602	641 602
Net profit attributable to non-controlling interests						19 263	19 263
Assets of the segment	**28 822 880**	**32 371 414**	**33 649 201**	**994 007**	**(5 796 545)**	**90 040 957**	**90 040 957**
Liabilities of the segment	**52 522 165**	**8 895 006**	**25 768 464**	**445 639**	**(4 667 602)**	**82 963 672**	**82 963 672**
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(149 832)	(24 149)	(81 998)	(981)	-	(256 960)	
Amortisation/depreciation	(121 267)	(23 266)	(88 872)	(3 645)	132	(236 918)	(236 918)
Other costs/ income without cash outflows/ inflows*	9 894	(177 675)	3 037	138	(3 644)	(168 250)	
- other non-cash costs	*(77)*	*(1 037 423)*	*(3)*	*-*	*1 891*	*(1 035 612)*	
- other non-cash income	*9 971*	*859 748*	*3 040*	*138*	*(5 535)*	*867 362*	

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

Business segment reporting on the activities of BRE Bank Group
for the period from 1 January to 30 September 2010
(PLN'000)

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Other	Eliminations	Total figure for the Group	Statement of financial position reconciliation/ income statement reconciliation
	Corporates & Institutions	Trading & Investment					
Net interest income	468 165	85 829	761 079	(1 731)	(5 503)	1 307 839	1 307 839
- sales to external clients	648 559	291 155	373 379	249	(5 503)	1 307 839	
- sales to other segments	(180 394)	(205 326)	387 700	(1 980)	-	-	
Net fee and commission income	238 156	59 297	222 493	(1 547)	27 154	545 553	545 553
- sales to external clients	230 727	63 921	225 298	(1 547)	27 154	545 553	
- sales to other segments	7 429	(4 624)	(2 805)	-	-	-	
Trading income	108 052	80 608	120 084	1 870	(4 216)	306 398	306 398
Gains less losses from investment securities	47 311	958	-	-	(1 769)	46 500	46 500
Net impairment losses on loans and advances	(230 185)	(10 756)	(267 850)	-	-	(508 791)	(508 791)
Gross profit of the segment	98 041	169 663	341 302	7 051	(7 352)	608 705	608 705
Income tax						(141 379)	(141 379)
Net profit attributable to Owners of BRE Bank SA						446 120	446 120
Net profit attributable to non-controlling interests						21 206	21 206
Assets of the segment	24 780 115	31 728 500	32 402 129	955 576	(5 450 503)	84 415 817	84 415 817
Liabilities of the segment	46 371 634	9 078 141	25 915 100	606 376	(4 490 813)	77 480 438	77 480 438
Other items of the segment							
Expenditures incurred on fixed assets and intangible assets	(88 516)	(11 600)	(23 497)	(550)	-	(124 163)	
Amortisation/depreciation	(90 291)	(17 145)	(67 299)	(2 755)	283	(177 207)	(177 207)
Other costs/ income without cash outflows/ inflows*	5 782	(124 950)	2 826	111	(4 216)	(120 447)	
- other non-cash costs	*(176)*	*(1 069 802)*	*(2)*	*-*	*1 557*	*(1 068 423)*	
- other non-cash income	*5 958*	*944 852*	*2 828*	*111*	*(5 773)*	*947 976*	

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

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5. Net Interest Income

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Interest income		
Loans and advances including the unwind of the impairment provision discount	2 051 298	1 811 317
Investment securities	591 018	573 794
Cash and short-term placements	101 096	122 529
Trading debt securities	65 135	26 552
Other	10 755	10 791
Total interest income	**2 819 302**	**2 544 983**
Interest expense		
Arising from amounts due to banks and customers	(1 115 149)	(1 145 864)
Arising from issue of debt securities	(59 472)	(50 230)
Other borrowed funds	(42 080)	(37 300)
Other	(5 412)	(3 750)
Total interest expense	**(1 222 113)**	**(1 237 144)**

Interest income related to the impaired financial assets amounted to PLN 144 964 thousand (30 September 2010: PLN 133 836 thousand).

6. Net Fee and Commission Income

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Fee and commission income		
Payment cards-related fees	253 441	236 701
Credit-related fees and commissions	174 709	165 938
Commissions from insurance activity	133 376	113 980
Fees from brokerage activity	90 825	82 279
Commissions from bank accounts	84 794	74 353
Commissions from money transfers	65 640	57 671
Commissions due to guarantees granted and trade finance commissions	29 437	31 510
Commission for agency service regarding sale of products of external financial entities	54 078	42 819
Commissions on trust and fiduciary activities	12 014	8 230
Fees from portfolio management services and other management-related fees	9 167	6 892
Other	55 952	43 532
Total fee and commission income	**963 433**	**863 905**
Fee and commission expense		
Payment cards-related fees	(132 275)	(142 459)
Commissions paid to external entities for sale of the Bank's products	(58 368)	(60 407)
Insurance activity-related fees	(15 679)	(25 329)
Discharged brokerage fees	(23 840)	(19 905)
Other discharged fees	(98 378)	(70 252)
Total fee and commision expense	**(328 540)**	**(318 352)**

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Fee and commission income from insurance contracts		
- Income from insurance intermediation	121 671	102 360
- Income from insurance policies administration	11 705	11 620
Total fee and commission income from insurance contracts	**133 376**	**113 980**

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7. Dividend Income

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Trading securities	83	23
Securities available for sale	15 002	8 140
Total dividend income	**15 085**	**8 163**

8. Net Trading Income

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Foreign exchange result	**278 060**	**281 378**
Net exchange differences on translation	276 774	265 575
Net transaction gains/(losses)	1 286	15 803
Other net trading income and result on hedge accounting	**34 688**	**25 020**
Interest-bearing instruments	30 582	15 099
Equity instruments	(3 735)	3 427
Market risk instruments	7 556	6 494
Result on hedge accounting, including:	285	-
- Net profit on hedged items	*2 582*	-
- Net profit on hedging instruments	*(2 297)*	-
Total net trading income	**312 748**	**306 398**

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

Starting from 2011, the Group applies fair value hedge accounting for part of the portfolio of fixed interest rate mortgage loans granted by foreign branches of the Bank in the Czech Republic. An Interest Rate Swap is the hedging instrument changing the fixed interest rate to a variable interest rate. The risk of change in interest rates is the only type of risk hedged within hedge accounting. Result from valuation of the hedged item and hedging instruments is presented in the aforementioned note.

9. Gains and Losses from Investment Securities

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Sale/redemption of the financial assets available for sale	13 235	46 565
Impairment of available for sale equity securities	-	(65)
Total gains and losses from investment securities	**13 235**	**46 500**

In 2011, the amount of PLN 13 235 thousand includes mainly the result on sale of shares of BRELINVEST Sp. z o.o. Fly 2 Commandite Company and the result of the sale of BRE's shareholding in Intermarket Bank AG and Magyar Factor zRt. to Erste Group entities.

In 2010 the amount of sale/redemption of the financial assets available for sale mainly relates to the sale of 180 490 shares of PZU SA by BRE GOLD Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych.

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10. Other Operating Income

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Income from sale or liquidation of fixed assets, intangible assets, assets held for sale and inventories	69 719	114 751
Income from insurance activity net	56 277	35 248
Income from services provided	19 242	41 055
Income due to release of provisions for future commitments	14 517	4 419
Income from recovering receivables designated previously as prescribed, remitted or uncollectible	1 568	548
Income from compensations, penalties and fines received	862	234
Other	31 262	12 940
Total other operating income	**193 447**	**209 195**

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

Income from services provided concerns non-banking services.

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

Income from insurance activity net generated in the three quarters of 2011 and 2010 is presented below.

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Income from premiums		
- Premiums attributable	98 970	81 442
- Change in provision for premiums	4 895	(5 444)
Premiums earned	**103 865**	**75 998**
Reinsurer's shares		
- Gross premiums written	(39 698)	(26 507)
- Change in unearned premiums reserve	8 814	3 608
Reinsurer's share in premiums earned	**(30 884)**	**(22 899)**
Net premiums earned	**72 981**	**53 099**
Claims and benefits		
- Claims and benefits paid out in the current year including costs of liquidation before tax	(28 533)	(20 112)
- Change in provision for claims and benefits paid out in the current year including costs of liquidation before tax	(14 938)	(22 531)
- Reinsurer's share in claims and benefits paid out in the current year including costs of liquidation	22 071	15 377
- Change in provision for reinsurer's share of claims and benefits paid out in the current year including costs of liquidation	6 509	10 117
Claims and benefits net	**(14 891)**	**(17 149)**
- Other costs net of reinsurance	(1 554)	(463)
- Other operating income	51	30
- Costs of expertise and certificates concerning underwriting risk	(310)	(269)
Total net income from insurance activity	**56 277**	**35 248**

11. Net Impairment Losses on Loans and Advances

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Net impairment losses on amounts due from other banks	7 951	(11 209)
Net impairment losses on loans and advances to customers	(298 911)	(539 069)
Net impairment losses on off-balance sheet contingent liabilities due to customers	7 039	41 487
Total net impairment losses on loans and advances	**(283 921)**	**(508 791)**

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12. Overhead Costs

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Staff-related expenses	(597 271)	(525 071)
Material costs	(429 620)	(414 013)
Taxes and fees	(25 379)	(23 079)
Contributions and transfers to the Bank Guarantee Fund	(37 349)	(16 098)
Contributions to the Social Benefits Fund	(4 777)	(4 724)
Other	(1 778)	(2 425)
Total overhead costs	**(1 096 174)**	**(985 410)**

Staff-related expenses for the three quarters of 2011 and 2010 are presented below.

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Wages and salaries	(488 370)	(435 094)
Social security expenses	(72 402)	(64 105)
Pension fund expenses	(576)	(445)
Remuneration concerning share-based payments, including:	(9 318)	(5 134)
- share-based payments settled in BRE Bank SA shares	(7 896)	(3 972)
- cash-settled share-based payments	(1 422)	(1 162)
Other staff expenses	(26 605)	(20 293)
Staff-related expenses, total	**(597 271)**	**(525 071)**

13. Other Operating Expenses

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Costs arising from sale or liquidation of fixed assets, intangible assets, assets held for sale and inventories	(58 270)	(98 597)
Provisions for future commitments	(18 978)	(19 680)
Donations made	(3 139)	(2 987)
Compensation, penalties and fines paid	(541)	(1 421)
Costs arising from provisions created for other receivables (excluding loans and advances)	(2 263)	(905)
Costs of sale of services	(1 072)	(971)
Costs arising from receivables and liabilities recognised as prescribed, remitted and uncollectible	(37)	(59)
Impairment provisions created for tangible fixed assets, intangible assets and other non-financial assets	(139)	-
Other operating costs	(21 886)	(18 915)
Total other operating expenses	**(106 325)**	**(143 535)**

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

Costs of sale of services concern non-banking services.

IFRS Consolidated Financial Statements for the third quarter of 2011 PLN (000's)

14. Earnings per Share

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

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Basic:		
Net profit attributable to Owners of BRE Bank SA	850 139	446 120
Weighted average number of ordinary shares	42 091 048	34 860 155
Net basic profit per share (in PLN per share)	**20.20**	**12.80**
Diluted:		
Net profit attributable to Owners of BRE Bank SA, applied for calculation of diluted earnings per share	850 139	446 120
Weighted average number of ordinary shares	42 091 048	34 860 155
Adjustments for:		
- share options	38 437	42 135
Weighted average number of ordinary shares for calculation of diluted earnings per share	42 129 485	34 902 290
Diluted earnings per share (in PLN per share)	**20.18**	**12.78**

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

the period	from 01.01.2011 to 30.09.2011	from 01.01.2010 to 30.09.2010
Basic:		
Net profit	825 614	327 574
Weighted average number of ordinary shares	42 091 048	34 860 155
Net basic profit per share (in PLN per share)	**19.61**	**9.40**
Diluted:		
Net profit applied for calculation of diluted earnings per share	825 614	327 574
Weighted average number of ordinary shares in issue	42 091 048	34 860 155
Adjustments for:		
- share options	38 437	42 135
Weighted average number of ordinary shares for calculation of diluted earnings per share	42 129 485	34 902 290
Diluted earnings per share (in PLN per share)	**19.60**	**9.39**

15. Trading Securities and Pledged Assets

	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Debt securities:	**1 665 925**	**1 788 374**	**2 573 202**	**979 263**
Government bonds included in cash equivalents and pledged government bonds (sell-buy-back/repo transactions), including:	929 305	948 275	1 207 015	516 681
- pledged government bonds (sell-buy-back/repo transactions)	231 837	412 040	1 011 107	180 887
Treasury bills included in cash equivalents and pledged treasury bills (sell-buy-back/repo transactions), including:	5 615	479 628	1 100 918	188 264
- pledged treasury bills (sell-buy-back/repo transactions)	-	-	7 551	42 370
Other debt securities:	731 005	360 471	265 269	274 318
Equity securities:	**14 904**	**18 334**	**11 112**	**10 465**
- listed	4 642	11 874	4 697	10 465
- unlisted	10 262	6 460	6 415	-
Debt and equity securities, including:	**1 680 829**	**1 806 708**	**2 584 314**	**989 728**
- Trading securities	*1 448 992*	*1 394 668*	*1 565 656*	*766 471*
- Pledged assets	*231 837*	*412 040*	*1 018 658*	*223 257*

The note above does not include pledged assets classified as investment securities (Note 18).

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16. Derivative Financial Instruments

	30.09.2011		30.06.2011		31.12.2010		30.09.2010	
	assets	liabilities	assets	liabilities	assets	liabilities	assets	liabilities
Derivative financial instruments held for trading	1 516 530	1 787 285	1 044 445	1 206 755	1 226 653	1 363 508	1 506 159	1 592 915
Derivative financial instruments held for hedging	-	2 439	-	730	-	-	-	-
Total derivative financial instruments assets/liabilities	**1 516 530**	**1 789 724**	**1 044 445**	**1 207 485**	**1 226 653**	**1 363 508**	**1 506 159**	**1 592 915**

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

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

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

Starting from 2011, due to the application of fair value hedge accounting for part of the portfolio of fixed interest rate mortgage loans granted by foreign branches of the Bank in the Czech Republic, within interest rate swaps, the Group distinguished instruments that hedge the risk of changes in interest rate. Result from valuation of the hedged item and hedging instruments is presented in this consolidated financial statement in item "Net income from other trading operations and hedge accounting" in the Note 8.

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

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

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

17. Loans and Advances to Customers

	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Loans and advances to individuals	38 291 758	35 258 446	33 658 660	31 830 372
Loans and advances to corporate entities	25 758 226	24 292 416	25 570 342	23 199 561
Loans and advances to public sector	2 156 803	2 032 354	1 923 019	1 443 833
Other receivables	594 110	741 371	668 115	530 445
Total (gross) loans and advances to customers	**66 800 897**	**62 324 587**	**61 820 136**	**57 004 211**
Provisions for loans and advances to customers (negative amount)	(2 357 272)	(2 214 330)	(2 449 771)	(2 416 030)
Total (net) loans and advances to customers	**64 443 625**	**60 110 257**	**59 370 365**	**54 588 181**
Short-term (up to 1 year)	22 168 951	20 048 692	22 204 611	18 877 133
Long-term (over 1 year)	42 274 674	40 061 565	37 165 754	35 711 048

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

Loans to micro enterprises in the presented reporting periods amounted to respectively: 30 September 2011 – PLN 3 202 600 thousand, 30 June 2011 - PLN 3 067 132 thousand, 31 December 2010 – PLN 2 935 600 thousand, 30 September 2010 – PLN 2 940 600 thousand.

Provisions for Loans and Advances

	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Incurred but not identified losses				
Gross balance sheet exposure	63 246 430	59 226 043	58 534 978	53 586 038
Impairment provisions for exposures analysed according to portfolio approach	(205 393)	(208 133)	(215 893)	(223 580)
Net balance sheet exposure	**63 041 037**	**59 017 910**	**58 319 085**	**53 362 458**
Receivables with impairment				
Gross balance sheet exposure	3 554 467	3 098 544	3 285 158	3 418 173
Provisions for receivables with impairment	(2 151 879)	(2 006 197)	(2 233 878)	(2 192 450)
Net balance sheet exposure	**1 402 588**	**1 092 347**	**1 051 280**	**1 225 723**

In June 2011, BRE Bank sold a part of its non-performing retail loans portfolio. Gross balance sheet value of the sold portfolio was PLN 449 619 thousand and impairment provisions for this exposure were PLN 449 511 thousand.

18. Investment Securities and Pledged Assets

	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Debt securities	**16 428 462**	**17 275 426**	**19 379 918**	**20 420 765**
Listed, including:	16 428 462	17 275 426	19 290 173	20 420 765
- pledged government bonds (sell-buy-back/repo transactions)	149 431	-	-	581 693
- pledged government bonds (loan collateral)	1 828 720	613 643	613 757	635 253
- government bonds pledged under the Bank Guarantee Fund	198 759	198 569	176 542	147 909
- treasury bills pledged under the Bank Guarantee Fund	1 178	1 164	21 846	36 517
- pledged treasury bills (sell-buy-back/repo transactions)	484 792	-	-	-
Unlisted	-	-	89 745	-
Equity securities	**178 898**	**209 773**	**194 915**	**224 803**
- listed	159 119	189 022	179 828	204 878
- unlisted	19 779	20 751	15 087	19 925
Total investment securities and pledged assets, including:	**16 607 360**	**17 485 199**	**19 574 833**	**20 645 568**
- Available for sale securities	*13 944 480*	*16 671 823*	*18 762 688*	*19 244 196*
- Pledged assets	*2 662 880*	*813 376*	*812 145*	*1 401 372*
Short-term (up to 1 year)	6 913 479	7 628 643	10 502 379	11 433 303
Long-term (over 1 year)	9 693 881	9 856 556	9 072 454	9 212 265

The above value of debt securities includes Government Bonds and Treasury Bills under the Bank Guarantee Fund, Treasury Bills and Investment Government Bonds pledged as sell-buy-back/repo transactions and Government Bonds pledged as collateral for the loan received from European Investment Bank, which are presented in the Statement of Financial Position in a separate position 'Pledged assets'.

As at 30 September 2011 the above value of equity securities includes provisions for impairment in the amount of PLN 13 257 thousand (30 June 2011: PLN 13 257 thousand, 31 December 2010: PLN 13 257 thousand, 30 September 2010: PLN 371 thousand).

As at 30 September 2011, listed equity securities include fair value of PZU shares in amount of PLN 149 049 thousand (30 June 2011 – PLN 177 439 thousand, 31 December 2010 - PLN 168 212 thousand; 30 September 2010 – PLN 194 000 thousand).

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19. Intangible assets

	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Development costs	861	896	1 452	1 599
Goodwill	4 728	4 728	7 137	7 137
Patents, licences and similar assets, including:	314 753	328 446	333 317	319 593
- computer software	241 415	257 369	279 355	266 204
Other intangible assets	10 679	9 596	10 057	665
Intangible assets under development	76 765	68 316	75 874	73 691
Total intangible assets	**407 786**	**411 982**	**427 837**	**402 685**

20. Tangible assets

	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Tangible fixed assets, including:	714 580	723 464	733 648	734 343
- land	1 875	1 867	1 867	17 782
- buildings and structures	230 468	232 264	237 487	235 755
- equipment	129 858	134 159	132 444	126 105
- vehicles	202 242	200 214	194 824	183 819
- other fixed assets	150 137	154 960	167 026	170 882
Fixed assets under construction	42 961	36 408	43 972	22 140
Total tangible fixed assets	**757 541**	**759 872**	**777 620**	**756 483**

21. Amounts due to Customers

	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Individual customers:	**25 620 220**	**24 894 968**	**25 068 308**	**24 623 407**
Current accounts	16 762 559	15 870 454	15 642 036	15 164 000
Term deposits	8 814 789	8 986 463	9 388 109	9 410 874
Other liabilities:	42 872	38 051	38 163	48 533
- liabilities in respect of cash collaterals	32 300	27 037	24 048	35 736
- other	10 572	11 014	14 115	12 797
Corporate customers:	**21 820 661**	**20 988 907**	**21 154 086**	**18 922 084**
Current accounts	9 965 371	12 358 692	9 682 381	10 240 849
Term deposits	8 176 557	6 597 931	7 697 956	6 603 546
Loans and advances received	1 401 808	466 863	473 606	692 539
Repo transactions	1 756 363	1 164 721	2 708 164	958 022
Other liabilities:	520 562	400 700	591 979	427 128
- liabilities in respect of cash collaterals	372 643	328 718	382 141	349 183
- other	147 919	71 982	209 838	77 945
Public sector customers:	**1 511 695**	**563 865**	**928 559**	**443 739**
Current accounts	1 446 809	371 410	896 407	147 569
Term deposits	47 675	176 588	22 141	289 901
Other liabilities:	17 211	15 867	10 011	6 269
- other	17 211	15 867	10 011	6 269
Total amounts due to customers	**48 952 576**	**46 447 740**	**47 150 953**	**43 989 230**

Short-term (up to 1 year)	46 686 493	44 948 193	45 622 160	42 320 901
Long-term (over 1 year)	2 266 083	1 499 547	1 528 793	1 668 329

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

In the presented reporting periods the value of liabilities in respect of current accounts and term deposits accepted from micro enterprises amounted to respectively: 30 September 2011 – PLN 1 755 800 thousand, 30 June 2011 – PLN 1 738 128 thousand, 31 December 2010 – PLN 1 958 300 thousand, 30 September 2010 – PLN 1 706 500 thousand.

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22. Non-current Assets or Disposal Groups Held for Sale

Starting from the financial statements as at 31 March 2011, due to accounting rules described in Note 2.21 of 'Explanatory Notes to the Consolidated Financial Statements', the Group classified subsidiary entities Intermarket Bank AG and Magyar Factor zRt. as non-current assets (disposal group) held for sale because of its intention to sell its shareholdings.

On 28 July 2011, the Group sold its stakes in Intermarket Bank AG and Magyar Factor zRt. and acquired from Intermarket Bank AG its respective stakes in Polfactor SA and Transfinance a.s.

The above transaction was described under item 10 of 'Selected Explanatory Information' of these Consolidated Financial Statements.

Below are presented financial data concerning non-current assets (disposal group) held for sale as at 30 June 2011.

ASSETS	30.06.2011
Cash and balances with the Central Bank	5 995
Loans and advances to banks	25 540
Loans and advances to customers	1 194 275
Investment securities	4 688
Investments in associates	319
Intangible assets	9 065
Tangible fixed assets	5 587
Deferred income tax assets	991
Other assets	5 832
Total assets	**1 252 292**

LIABILITIES	30.06.2011
Amounts due to other banks	544 396
Amounts due to customers	244 506
Other liabilities	26 234
Current income tax liabilities	6 056
Provisions	11 784
Total liabilities	**832 976**

Selected Explanatory Information

1. Compliance with International Financial Reporting Standards

The presented consolidated report for the third quarter of 2011 fulfils the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' relating to interim financial reports.

2. Consistency of Accounting Principles and Calculation Methods Applied to the Drafting of the Quarterly Report and the Last Annual Financial Statements

A detailed description of the accounting policy principles of the Group is presented under items 2 and 3 of the Notes to the Consolidated Financial Statements for the third quarter of 2011. The accounting policies were applied consistently over all periods presented in the financial statements.

3. Seasonal or Cyclical Nature of the Business

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

4. Nature and Values of Items Affecting Assets, Liabilities, Equity, Net Profit/(Loss) or Cash Flows, which are Extraordinary in Terms of Their Nature, Magnitude or Exerted Impact

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

5. Nature and Amounts of Changes in Estimate Values of Items, which were Presented in Previous Interim Periods of the Current Reporting Year, or Changes of Accounting Estimates Indicated in Prior Reporting Years, if they Bear a Substantial Impact Upon the Current Interim Period

In the third quarter of 2011 there were no significant changes in estimate values of items presented in previous reporting periods.

6. Issues, Redemption and Repayment of Debt and Equity Securities

In the third quarter of 2011, BRE Bank Hipoteczny issued bonds and mortgage bonds in the amount of respectively: PLN 129 000 thousand and PLN 100 000 thousand. In the same time the company redeemed bonds in amount of PLN 159 000 thousand.

7. Dividends Paid (or Declared) Altogether or Broken Down by Ordinary Shares and Other Shares

Pursuant to the resolution on profit distribution for the year 2010, adopted on 30 March 2011 by the 24th Ordinary General Shareholders Meeting of BRE Bank SA, no dividend will be paid for the year 2010.

8. Income and Profit by Business Segment

Income and profit by business segment within the Group are presented on the consolidated level in the Note 4 of the Consolidated Financial Statements for the third quarter of 2011.

9. Significant Events After the End of the Third Quarter of 2011, which are not Reflected in the Financial Statements

Events as indicated above did not occur in the Group.

10. Effect of Changes in the Structure of the Entity in the Third Quarter of 2011, Including Business Combinations, Acquisitions or Disposal of Subsidiaries, Long-term Investments, Restructuring, and Discontinuation of Business Activities

On 8 April 2011, an agreement was concluded between entities of BRE Bank Group and entities of Erste Group. Under this agreement the Group sold its stakes in Intermarket Bank AG and Magyar Factor zRt. to Erste Group entities and acquired from Intermarket Bank AG its respective stakes in Polfactor SA and Transfinance a.s. The completion of the above transactions was on 28 July 2011, following the receipt of all necessary regulatory approvals and the materialisation of all contractual suspending conditions. As a result of this transaction BRE Bank Group became the sole owner of Polfactor SA and Transfinance a.s., leading factoring providers in Poland and in the Czech Republic respectively.

The transaction was aiming at unwinding the factoring operations of BRE Bank Group. The Group will concentrate on factoring activities in Poland and Czech Republic, where it is also present with mBank Czech Republic banking operations.

11. Changes in Contingent Liabilities and Commitments

In the third quarter of 2011 there were no changes in contingent liabilities and commitments of credit nature, i.e., guarantees, letters of credit or unutilised loan amounts, other than resulting from current operating activities of the Group. There was no single case of granting of guarantees or any other contingent liability of any material value for the Group.

12. Write-offs of the Value of Inventories Down to Net Realisable Value and Reversals of such Write-offs

Events as indicated above did not occur in the Group.

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

Events as indicated above did not occur in the Group.

14. Reversals of Provisions Against Restructuring Costs

Events as indicated above did not occur in the Group.

15. Acquisitions and Disposals of Tangible Fixed Asset Items

In the third quarter of 2011, there were no material transactions of acquisition or disposal of any tangible fixed assets, with the exception of typical lease and property development operations that are performed by the companies of the Group.

16. Liabilities Assumed on Account of Acquisition of Tangible Fixed Assets

Events as indicated above did not occur in the Group.

17. Corrections of Errors from Previous Reporting Periods

In the third quarter of 2011, there were no corrections of errors from previous reporting periods.

18. Default or Infringement of a Loan Agreement or Failure to Initiate Composition Proceedings

Events as indicated above 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 Light of the Results Presented in the Quarterly Report Compared to the Forecast

BRE Bank did not publish a performance forecast for the year 2011. The description of the BRE Bank Group strategy published in current report no. 8/2010 shall not be read as a forecast about financial results or their estimations with respect to the Bank and BRE Bank Group referred to in Article 5 item 1 point 25 of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic reports published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws from 2009, No. 33, item 259).

20. Registered Share Capital

The total number of ordinary shares as at 30 September 2011 was 42 102 538 shares (30 September 2010: 42 077 777) at PLN 4 nominal value each (30 September 2010: PLN 4). All issued shares were fully paid up.

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REGISTERED SHARE CAPITAL (THE STRUCTURE) AS AT 30 SEPTEMBER 2011						
Share type	Type of privilege	Type of limitation	Number of shares	Series / issue value	Paid up	Registered on
ordinary bearer*	-	-	9 978 500	39 914 000	fully paid up in cash	1986
ordinary registered*	-	-	21 500	86 000	fully paid up in cash	1986
ordinary bearer	-	-	2 500 000	10 000 000	fully paid up in cash	1994
ordinary bearer	-	-	2 000 000	8 000 000	fully paid up in cash	1995
ordinary bearer	-	-	4 500 000	18 000 000	fully paid up in cash	1997
ordinary bearer	-	-	3 800 000	15 200 000	fully paid up in cash	1998
ordinary bearer	-	-	170 500	682 000	fully paid up in cash	2000
ordinary bearer	-	-	5 742 625	22 970 500	fully paid up in cash	2004
ordinary bearer	-	-	270 847	1 083 388	fully paid up in cash	2005
ordinary bearer	-	-	532 063	2 128 252	fully paid up in cash	2006
ordinary bearer	-	-	144 633	578 532	fully paid up in cash	2007
ordinary bearer	-	-	30 214	120 856	fully paid up in cash	2008
ordinary bearer	-	-	12 395 792	49 583 168	fully paid up in cash	2010
ordinary bearer	-	-	15 864	63 456	fully paid up in cash	2011
Total number of shares			42 102 538			
Total registered share capital				168 410 152		
Nominal value per share		4				

* As at the end of the reporting period

On 18 July 2011 the National Depository for Securities ('KDPW') made a registration of 15 864 shares of BRE Bank SA which were issued as part of the conditional increase in the share capital of the Bank pursuant to the resolution No. 21 of the 21st Ordinary General Meeting of the Bank of 14 March 2008 on the issuance of bonds with pre-emptive right to acquire shares of BRE Bank SA and the conditional increase of the share capital by issuance of shares with no subscription rights for the existing shareholders in order to enable beneficiaries of the long term incentive programme to take up shares in BRE Bank SA, on application for admission of the shares to trading on the regulated market and on dematerialisation of the shares.

As a result of the above registration, the Bank's share capital increased by PLN 63 456 on 18 July 2011.

21. Material Share Packages

Commerzbank Auslandsbanken Holding AG is a shareholder holding over 5% of the share capital and votes at the General Meeting and as at 30 September 2011 it held 69.7176% of the share capital and votes at the General Meeting of BRE Bank SA (as at 30 June 2011 – 69.7439%).

In the third quarter of 2011, there was a change in the holding of material share packages of the Bank.

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

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

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

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22. Change in Bank Shares and Right to Shares held by Managers and Supervisors

	Number of shares held as at the date of publishing the report for 1st Half of 2011	Number of shares acquired from the date of publishing the report for 1st Half of 2011 to the date of publishing the report for Q3 of 2011	Number of shares sold from the date of publishing the report for 1st Half of 2011 to the date of publishing the report for Q3 of 2011	Number of shares held as at the date of publishing the report for Q3 of 2011
Management Board				
1. Cezary Stypułkowski	-	-	-	-
2. Karin Katerbau	2 611	-	-	2 611
3. Wiesław Thor	4 805	-	-	4 805
4. Przemysław Gdański	156	-	-	156
5. Hans-Dieter Kemler	122	-	-	122
6. Jarosław Mastalerz	4 793	-	2 190	2 603
7. Christian Rhino	5 838	-	-	5 838

As at the date of publishing the report for the first half of 2011 and as at the date of publishing the report for the third quarter of 2011, the Members of the Management Board had no Bank rights to shares and they have no Bank rights to shares.

As at the date of publishing the report for the first half 2011 and as at the date of publishing the report for the third quarter of 2011of 2011 Mr. Andre Carls, Member of the Supervisory Board of BRE Bank SA, had 3 269 shares of BRE Bank SA. The other Members of the Supervisory Board of BRE Bank SA had no Bank shares nor Bank rights to shares and they have no Bank shares nor Bank rights to shares.

23. Proceedings Before a Court, Arbitration Body or Public Administration Authority

As at 30 September 2011, the Bank was not involved in any proceedings before a court, arbitration body, or public administration authority concerning liabilities of the issuer or its subsidiaries which represent at least 10% of the issuer'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 as at 30 September 2011 was also not higher than 10% of the issuer's equity.

<u>Report on major proceedings brought against the issuer</u>

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

   At present proceedings are pending against BRE Bank in the Court of Jerusalem 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 44.0 million translated at the average exchange rate of the National Bank of Poland as at 30 September 2011). This action was originally initiated by Art-B Sp. z o.o. Eksport – Import with its registered office in Katowice, under liquidation ('Art-B') against the main defendant Bank Leumi, whereas BRE Bank was garnished by Bank Leumi. Considering a settlement concluded between Art-B and Bank Leumi, and Migdal Insurance Company, on the basis of which Art-B received from Bank Leumi and Migdal Insurance Company an amount of USD 13.5 million, Bank Leumi and Migdal Insurance Company claim from BRE Bank refund of the amount paid to Art-B that is USD 13.5 million. BRE Bank's liability towards Bank Leumi and Migdal Insurance Company is under recourse.

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

   BPH brought the case to court on 17 February 2005. The value of the dispute was estimated at PLN 42 854 thousand. The purpose was to cancel actions related to the creation of Garbary and the contribution in kind. The dispute focuses on determination of the value of the right to perpetual usufruct of land and related buildings that ZM Pozmeat SA contributed in kind to Garbary as payment for a stake in ZM Pozmeat SA share capital worth PLN 100 000 thousand. On 6 June 2006 the District Court in Poznań issued a verdict according to which the claims were dismissed in their entirety. The claimant filed an appeal against that verdict. On 6 February 2007 the Court of Appeal dismissed the claimant's appeal. The claimant filed the last resort appeal against the ruling of the Court of Appeal. On 2 October 2007, the Supreme Court revoked the ruling of the Court of Appeal and referred the case back. After re-examining the case, the Court of Appeal dismissed the ruling of the District Court in Poznań on 4 March 2008 and referred the case back. On 16 September 2010, the District Court in Poznań dismissed the claim in whole; the decision is not legally valid. On 19 October 2010, BPH filed an appeal against the ruling in question. On 24 February 2011, the Court of Appeal made a decision on revoking the ruling and discontinuance of proceedings involving Bank Pekao S.A. (the Bank entered in the proceedings as successor of BPH) justified by lack of title to bring the action before the court on the side of the Bank. The case was returned to the court of the first instance where it will be continued with the participation of BPH as the claimant. Bank Pekao SA filed the last resort appeal against the aforesaid decision with the Supreme Court.

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

   On 17 November 2007 BPH brought to court a case for damages in the amount of PLN 34 880 thousand plus statutory interest from 20 November 2004 to the date of payment, due to alleged illegal actions such as the sale by ZM Pozmeat SA to TTI of all shares in the equity of Garbary Sp. z o.o. (previously Milenium Center Sp. z o.o.), an important part of its assets, while ZM Pozmeat SA was at risk of insolvency.

   In its reply to the claim, the Bank petitioned the Court for dismissing the claim on the grounds of there being no legal basis for allowing the claim. On 1 December 2009, the Court decided to suspend the case until the completion of Pozmeat's bankruptcy proceedings. On 26 January 2011, the court has decided to reinstate suspended proceedings because of closing the insolvency procedure.The case is pending.

4. Claims of clients of Interbrok

   Up to 28 October 2011, 153 entities who were clients of Interbrok Investment E. Dróżdż i Spółka Spółka jawna (hereinafter referred to as Interbrok) called the Bank for amicable settlement in the total amount of PLN 296 461 thousand and via the District Court in Warsaw. In addition, up to 28 October 2011, 8 legal suits have been delivered to the Bank where former clients of Interbrok claimed compensation in the total amount of PLN 800 thousand with the reservation that the claims may be extended up to the total amount of PLN 5 950 thousand. Plaintiffs allege that the Bank aided in Interbrok's illegal activities, which caused damage to plaintiffs. In all court cases the Bank moves for dismissal of the claims in entirety and objects to charges raised in the legal suits. The legal analysis of the abovementioned claims indicates that there are not significant grounds to state that the Bank bears liability in the case. Therefore, BRE Bank Group did not create provisions for the above claims. The District Court in Warsaw settled the aforementioned court cases and dismissed actions in all cases. As a consequence of the Court of Appeal verdict on 4 March 2010, one of the judgments becomes final and valid. On 22 June 2011, the Supreme Court dismissed the plaintiff's cassation appeal in the said case. The next ruling was revoked by the Court of Appeal on 21 December 2010 and the case was referred back to the District Court in Warsaw. The rulings made in the remaining 6 cases by the District Court in Warsaw are not legally valid.

5. Class action against BRE Bank

   On 4 February 2011, BRE Bank SA received a class action brought to the District Court in Łódź on 20 December 2010 by the Municipial Ombudsman who represents a group of 867 persons – retail clients of BRE Bank.

   The petitioners demand that a responsibility of the Bank is determined for improper performance of mortgage credit agreements. In particular, it was indicated that the Bank improperly applied provisions of the agreements concerning interest rates adjustment, namely that the Bank did not reduce interest rates on loans, although, according to the petitioners, it should have.

   The Bank rejects the above reasoning. On 18 February 2011, the Bank submitted a formal answer to the court, in which it applied for a dismissal of the claim as a whole.

   On 6 May 2011, the District Court in Łódź decided to reject the application of BRE Bank SA for dismissing the claim and decided that the case will proceed as a class action.

   On 13 June 2011, BRE Bank SA lodged a complaint against this decision with the Court of Appeal in Łódź. On 28 September 2011, the Court of Appeal dismissed the complaint of BRE Bank SA and so the case will proceed as a class action.

As at 30 September 2011, 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 which represent at least 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 September 2011 was also not higher than 10% of the issuer's equity.

Taxes

Within the period from 19 July 2010 to 6 October 2011 officers of the Treasury Control Office in Warsaw (Urząd Kontroli Skarbowej w Warszawie) carried out audit proceedings and tax audit in BRE Bank, concerning reliability of declared tax bases and correctness of calculation and payment of corporate income tax for the year 2006. The audits did not identify any relevant irregularities.

Within the period from 28 September to 10 October, officers of the First Mazovian Treasury Office in Warsaw (Pierwszy Mazowiecki Urzad Skarbowy w Warszawie) carried out tax audits at the company BRE Hipoteczny concerning correctness of the settlement of the value added tax for the period from 1 to 31 July 2011. The audits did not identify any irregularities.

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Within the period from 27 June to 8 July 2011, officers of the Treasury Control Office in Warsaw (Urząd Kontroli Skarbowej w Warszawie) carried out tax audits concerning correctness of the settlement of the value added tax for the period from 1 January to 31 December 2006. The audits did not identify any irregularities.

Within the period from 27 April to 23 May 2011, officers of the First Mazovian Treasury Office in Warsaw (Pierwszy Mazowiecki Urzad Skarbowy w Warszawie) carried out tax audits at the company BRE Leasing concerning correctness of the settlement of the value added tax for the period from 1 July to 31 December 2010. The audits did not identify any relevant irregularities.

Within the period from 24 September to 5 October 2010, the officers of the Tax Office (Trzeci Urząd Skarbowy Warszawa Śródmieście) carried out tax audits at the company BRE Ubezpieczenia Sp. z o.o. concerning the settlement of the corporate income tax for the year 2009. The audits did not identify any irregularities.

Within the period from 8 September to 10 September 2010, the officers of the Tax Office (Urząd Skarbowy Poznań Śródmieście) carried out tax audits at the company Garbary Sp. z o.o. within the scope of accuracy of documents and determination of correctness of amounts included in VAT records (concerning purchase and supply) for the period from May 2007 to May 2010 under the Law on tax on goods and services. The audits did not identify any relevant irregularities.

Within the period from 9 February to 11 March 2010, the officers of the Tax Office (Pierwszy Mazowiecki Urząd Skarbowy) carried out tax audits at the company BRE Leasing concerning the settlement of the value added tax for the period from 1 June to 31 July 2005 and for the period from 1 December to 31 December 2005. The audits did not identify any relevant irregularities.

There were no tax audits at other companies of the Group within the year 2011 or 2010.

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

24. Off-balance Sheet Liabilities

Off-balance sheet liabilities as at 30 September 2011, 30 June 2011, 31 December 2010 and 30 September 2010, were as follows:

BRE Bank Group consolidated data

	30.09.2011	30.06.2011	31.12.2010	30.09.2010
1. Contingent liabilities granted and received	**19 244 032**	**18 519 472**	**15 463 219**	**15 548 496**
Commitments granted	**17 822 673**	**16 620 431**	**14 331 938**	**14 407 545**
- financing	14 494 928	13 882 016	11 881 263	11 921 228
- guarantees and other financial facilities	3 327 033	2 737 703	2 449 814	2 483 700
- other commitments	712	712	861	2 617
Commitments received	**1 421 359**	**1 899 041**	**1 131 281**	**1 140 951**
- financial commitments received	391 347	798 790	14 828	63 664
- guarantees received	1 030 012	1 100 251	1 116 453	1 077 287
2. Derivative financial instruments (nominal value of contracts)	**462 071 967**	**428 709 636**	**304 382 025**	**349 851 851**
Interest rate derivatives	419 172 055	389 372 350	255 567 002	295 909 664
Currency derivatives	40 502 264	37 809 984	46 913 860	51 604 820
Market risk derivatives	2 397 648	1 527 302	1 901 163	2 337 367
Total off-balance sheet items	**481 315 999**	**447 229 108**	**319 845 244**	**365 400 347**

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BRE Bank stand alone data

	30.09.2011	30.06.2011	31.12.2010	30.09.2010
1. Contingent liabilities granted and received	**18 416 189**	**17 871 329**	**14 749 119**	**15 031 062**
Commitments granted	**16 999 559**	**15 978 490**	**13 659 448**	**13 973 096**
- financing	13 612 189	13 239 991	11 195 950	11 486 203
- guarantees and other financial facilities	3 387 370	2 738 499	2 463 498	2 485 137
- other commitments	-	-	-	1 756
Commitments received	**1 416 630**	**1 892 839**	**1 089 671**	**1 057 966**
- financial commitments received	391 347	798 790	130	10 430
- guarantees received	1 025 283	1 094 049	1 089 541	1 047 536
2. Derivative financial instruments (nominal value of contracts)	**462 656 557**	**429 233 008**	**304 135 017**	**350 689 035**
Interest rate derivatives	419 141 177	389 365 173	255 719 874	296 782 552
Currency derivatives	41 117 732	38 340 533	46 513 980	51 569 116
Market risk derivatives	2 397 648	1 527 302	1 901 163	2 337 367
Total off-balance sheet items	**481 072 746**	**447 104 337**	**318 884 136**	**365 720 097**

25. Transactions with Related Entities

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

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

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

The amounts of transactions with related entities, i.e., balances of receivables and liabilities and related costs and income as at 30 September, 31 December 2010 and 30 September 2010 were as follows:

Numerical data concerning transactions with related entities (in PLN '000) as at 30 September 2011

No.		Statement of Financial Position		Separate Income Statement						Contingent liabilities granted and received	
		Assets	Liabilities	Interest income	Interest expense	Commission income	Commission expense	Other operating income	Overhead costs amortization and depreciation and other operating expenses	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality										
1	AMBRESA Sp. z o.o.	-	533	-	(12)	2	-	-	-	-	-
2	BRE Corporate Finance SA	-	1 746	-	(49)	22	-	-	(195)	1 150	-
3	BRE Systems Sp. z o.o.	-	124	-	(2)	4	-	-	-	-	-
4	Tele-Tech Investment Sp. z o.o.	70 798	16 374	2 277	(1)	2	-	2	-	-	-
	Ultimate Parent Group										
	Commerzbank AG Capital Group	1 358 008	28 752 016	1 996	(332 533)	-	-	109	(16 444)	771 735	707 669

Numerical data concerning transactions with related entities (in PLN '000) as at 31 December 2010

No.		Statement of Financial Position		Separate Income Statement						Contingent liabilities granted and received	
		Assets	Liabilities	Interest income	Interest expense	Commission income	Commission expense	Other operating income	Overhead costs amortization and depreciation and other operating expenses	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality										
1	AMBRESA Sp. z o.o.	-	593	-	(12)	2	-	-	-	-	-
2	BRE Corporate Finance SA	-	3 425	-	(28)	34	-	-	-	1 828	-
3	BRELINVEST Sp. z o.o. Fly 2 Sp. K.	-	12 693	-	(213)	1	-	-	-	-	-
4	BRE Systems Sp. z o.o.	-	106	21	(2)	12	-	-	-	-	-
5	Tele-Tech Investment Sp. z o.o.	60 978	118	5 801	-	3	-	-	-	-	-
	Ultimate Parent Group										
	Commerzbank AG Capital Group	224 012	26 368 332	9 947	(399 314)	-	-	6 367	(20 768)	748 003	809 258

Numerical data concerning transactions with related entities (in PLN '000) as at 30 September 2010

No.		Statement of Financial Position		Separate Income Statement						Contingent liabilities granted and received	
		Assets	Liabilities	Interest income	Interest expense	Commission income	Commission expense	Other operating income	Overhead costs amortization and depreciation and other operating expenses	Commitments granted	Commitments received
	Subsidiaries not included in consolidation due to immateriality										
1	AMBRESA Sp. z o.o.	-	28	-	(12)	2	-	-	-	-	-
2	BRE Corporate Finance SA	-	2 937	-	(15)	29	-	-	-	1 821	-
3	BRELINVEST Sp. z o.o. Fly 2 Sp. K.	-	12 601	-	(114)	1	-	-	-	-	-
4	BRE Systems Sp. z o.o.	487	-	21	(2)	11	-	-	-	513	-
5	Tele-Tech Investment Sp. z o.o.	59 870	161	4 289	-	2	-	-	-	-	-
	Ultimate Parent Group										
	Commerzbank AG Capital Group	385 401	25 767 072	8 818	(294 953)	-	-	43	(15 161)	476 738	715 083

26. Credit and Loan Guarantees, other Guarantees Granted in Excess of 10% of the Equity

As at 30 September 2011 no exposure under guarantees granted in excess of 10% of the equity occurred in the Group.

27. 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 21 June 2011 the Management Board of BRE Bank SA received information from the Member of Supervisory Board, Mr. Achim Kassow about his resignation from membership in the Supervisory Board of BRE Bank. The resignation took place on 12 July 2011.

With effect from 13 July 2011, the Supervisory Board of BRE Bank appointed Mr. Ulrich Sieber as Supervisory Board Member of BRE Bank and Member of the Executive Committee of the Supervisory Board for the period until the end of the current term of the Supervisory Board.

28. Factors Affecting the Results in the Coming Quarter

Apart from operating activity of the Bank and BRE Bank Group companies, there are no other events expected in the 4th quarter of 2011 that would have a significant impact on the profit of this period.